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## Legislative Assembly of Ontario

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# Official Report of Debates (Hansard)

**Tuesday 3 October 2006** 

Standing committee on estimates

Ministry of Energy

## Assemblée législative de l'Ontario

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# Journal des débats (Hansard)

Mardi 3 octobre 2006

Comité permanent des budgets des dépenses

Ministère de l'Énergie



Président : Garfield Dunlop

Greffier: Katch Koch

Chair: Garfield Dunlop Clerk: Katch Koch

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Tuesday 3 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 3 octobre 2006

The committee met at 1555 in room 151.

#### **ELECTION OF CHAIR**

The Clerk of the Committee (Mr. Katch Koch): Good afternoon, honourable members. It is my duty to call upon you to elect a Chair. Are there any nominations? Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): I move Mr. Dunlop's name.

The Clerk of the Committee: Are there any further

There being no further nominations, I declare nominations closed and Mr. Dunlop elected Chair of the committee.

The Chair (Mr. Garfield Dunlop): Thank you very much, everyone. Welcome to the meeting today, Minister of Energy.

One thing I would ask is if I could have unanimous consent to stand down the election of a Vice-Chair at this time until next Tuesday, please. Do we have unanimous consent on that? Agreed. Okay.

#### MINISTRY OF ENERGY

The Chair: With that, then, I'd like to resume consideration of the 2006-07 estimates of the Ministry of Energy. There are four hours remaining. I would like you to know that today, after a conversation with Minister Duncan, we have agreed that we would adjourn at 5 o'clock for a previous commitment that he had to make. Currently, we have eight minutes left with the official opposition. I'd like to begin with Mr. Yakabuski, beginning right now with your eight minutes, and then we'll go to the NDP, if they're here, and then to the governing party.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke): Thank you very much, Mr. Chair. I'm going to need some paper here.

Hon. Dwight Duncan (Minister of Energy): Here.

Mr. Yakabuski: That would make it easier, wouldn't it? Thank you very much, Minister, for joining us again today, and we certainly respect that you have other commitments as well.

I'm going to start with a couple of things on Thunder Bay. You weren't the minister then; the Honourable Donna Cansfield was minister. Back in March, she sent a directive to the OPA which basically told them—and I don't have it in front of me, but you'll recall it and I'm

sure your staff will recall it—to get moving on the conversion of Thunder Bay to natural gas from coal and do it post-haste, move as quickly as possible, a very, very high priority. Well, any time the minister gives a directive to the OPA, you would have to accept and assume that it's of high priority. I don't think you're giving them directives on a daily basis, are you?

Hon. Mr. Duncan: No.

**Mr. Yakabuski:** You're not giving them directives on a daily basis. So it is generally a high priority when you do that. Then you made the now-famous climbdown of your coal promise. Can you tell us what the costs of that change of direction with regard to the Thunder Bay program were?

Hon. Mr. Duncan: Approximately \$10 million.

**Mr. Yakabuski:** I have a copy of the OPG report here that says their costs were \$13 million.

**Hon. Mr. Duncan:** I'd have to double-check. The last time I looked at it, the last figure I had was \$10 million. Am I incorrect on that?

**Mr. Rick Jennings:** The \$10 million was the cost of Union Gas, which was compensated as part of the contractual arrangements with OPG.

**Mr. Yakabuski:** That was going to be my next question. So you're saying the total cost was \$13 million, and \$10 million of that went to Union Gas?

Mr. Jennings: Yes.

**Mr. Yakabuski:** Basically paying them for the contract that they were never allowed to fulfill?

**Hon. Mr. Duncan:** They had actually done some work, and there were actually invoices to cover those costs.

**Mr. Yakabuski:** That entire \$10 million, you're saying, was for work that was done?

Mr. Jennings: It was direct costs that Union Gas had already incurred.

Mr. Yakabuski: So there was no payment of any penalty to Union Gas?

**Mr. Jennings:** The contract itself provided that their costs be paid for if the contract was cancelled.

Mr. Yakabuski: Their costs be paid for?

Mr. Jennings: Yes.

**Mr. Yakabuski:** But no punitive payment whatsoever? This was all for work that they could specifically bill and justify as costs incurred to them either by work done or—

**Mr. Jennings:** Direct costs, as set out in the contract; verifiable direct costs.

Mr. Yakabuski: So you're saying that no payment was made to Union Gas in excess of that.

Mr. Jennings: OPG paid them what was set out in the provisions in the contract, which provided that their direct costs would be covered in the event of cancellation. So it would include things like pipe that they had to buy and then couldn't otherwise dispose of, land acquisition, those types of things.

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Mr. Yakabuski: That land acquisition, so if that land is—

**Mr. Jennings:** I don't think they had actually purchased any, but it would be the direct costs. They had not yet got—

Mr. Yakabuski: So it's involved in the paperwork in getting into the land acquisition, the legal bills or what-

ever.

Mr. Jennings: They were direct costs that they had

verifiable receipts for.

Mr. Yakabuski: So the \$13-million figure that OPG states here—it's in their second quarter financial results. We won't go into reading all of it, but on July 12, 2006, OPG received a shareholder declaration revoking the October 2005 shareholder declaration, effectively cancelling the project. As a result, OPG recognized a loss of \$13 million for costs incurred on the conversion project. What is the other \$3 million for?

Mr. Jennings: Costs that OPG had incurred up till

tnen.

Mr. Yakabuski: Such as?

**Mr. Jennings:** Union's costs were principally related to what had to be done to bring a gas pipeline in and the initial connections. OPG had to spend money to prepare the site for the conversion activities.

Mr. Yakabuski: Are you saying, in total, all of the work done by OPG—disregarding the work or potential work of Union—at the Thunder Bay station with regard to possible upgrades as well that would have been necessary to allow the conversion totalled no more than \$3 million?

**Mr. Jennings:** That's our understanding, yes. We don't have the contract with us.

Mr. Yakabuski: Pardon me?

**Mr. Jennings:** We don't have the contract or details with us, but that's our understanding.

The Chair: Another couple of minutes, Mr. Yaka-

Mr. Yakabuski: One thing I just want to do is correct something with the clerk, Mr. Chair. The questions for answer by the ministry that were out on September 26—there were a number of them from Mr. Hampton and only one from me. I can't find it here right now, but I want to—okay, here it is. This was a memorandum to the standing committee from David McIver dated September 26. Question 22, Mr. John Yakabuski "requested that the ministry provide the committee with the complete list of organizations that were consulted on the state of the effectiveness of clean coal technologies." That is not what I was asking for.

What I was and am asking for is, I want the names of the experts you consulted with who said your coal promise was reasonable and doable. That is what I'm asking for: the so-called experts who said, "No problem. We can shut these things down by 2007. No big deal whatsoever; it won't be difficult." That's what we're asking for: the names of the people who advised you to that effect.

The Chair: You're out of time, Mr. Yakabuski. Can you provide that information?

Hon. Mr. Duncan: We can provide it, yes.

**The Chair:** Thanks to Mr. Yakabuski. Now to the third party and Mr. Hampton for 20 minutes.

Mr. Howard Hampton (Kenora-Rainy River): I'd like to start off—I asked you a number of questions over the first two days of estimates. You indicated you didn't have any of the information, but you indicated you would use your best efforts to get it. Do you have any of the information responses to the specific questions that I asked last week?

Ms. Rosalyn Lawrence: Yes. We have the cost estimates or spending estimates that you requested broken down by institution and then at a more detailed level by LDC, which is drawn from both their reporting on their conservation and demand management initiatives as well as what they submitted on smart meters as part of their 2006 rate applications.

**Mr. Hampton:** Can you share that with members of the committee now? While you're doing that, maybe you could tell us the contents of what you're handing out.

**Ms. Lawrence:** What I have just passed over is a breakdown from the quarterly reporting of LDCs on their conservation/demand management spending on smart meters

**Mr. Hampton:** What was the source of this information?

Ms. Lawrence: That is the Ontario Energy Board.

**Mr. Hampton:** Now, I asked you a number of other questions. Do you have any responses to those?

**Ms. Lawrence:** We have a breakdown of the approved amounts for implementation plans for smart metering that were part of the OEB's 2006 rate decisions.

**Mr. Hampton:** And you can make those available too to the committee? Just so I'm clear, these were submissions to the OEB that were approved by the OEB?

Ms. Lawrence: That's correct.

**Mr. Hampton:** Do you have any other information pertaining to the other questions that I asked you?

Ms. Lawrence: We have a breakdown of spending from 2004-05 through 2006-07 projected on the Ministry of Energy, the IESO, the OEB, as well as the LDCs summarized.

**Mr. Hampton:** And you're going to make that available to the committee as well now?

Ms. Lawrence: Yes.

**Mr. Hampton:** Thank you. What's the source of this information, this last one? The OEB again?

**Ms. Lawrence:** Certainly for the LDCs that are noted. The Ministry of Energy expenditures come from our own

budgeting and business planning people. The IESO has provided us, for the purposes of this committee, with an estimate of their spending, and the OEB has confirmed their spending on consultations basically in 2004-05.

**Mr. Hampton:** I also asked you some questions about the nuclear stations' historic costs. Do you have that information?

Mr. Jennings: Yes. You had asked for a series of cost estimates for the different nuclear plants. We have confirmed that the final cost estimates for Pickering A, Bruce A, Pickering B, Bruce B and Darlington are correct, and the source of those is either Ontario Hydro or, in the latest period, Ontario Power Generation.

You had asked for the original retubing cost estimate for Pickering A, unit 4. The approved number by the Ontario Power Generation board from August 1999 was \$457 million, and the final cost after completion was \$1.255 billion. In terms of Pickering A, the approval from August 1999 was \$213 million, but that wasn't proceeded with. The most recent approval to proceed was given in July 2004, and that was \$900 million, including contingencies. The final full cost, through to the end of 2005—it was operating as of September 2005—is \$994 million.

In terms of the initial estimates, we are going to obtain what was approved by the Ontario Hydro board at the time so that they're all consistent. These are all archived files, so we have begun the process of recovering them. On the face of it, there's no reason to question the numbers, but we're going to get them so that we have all of what was approved by the board at the time that it was approved.

There are two Pickering A numbers for 1964 and 1965. The initial one was in a range around \$400 million, and the 1965 number was \$595 million. Our understanding at the time was that the first one refers to approval for just two units and the second one refers to approval for four units, but, again, we're going to confirm the actual approved numbers from the board minutes at the time.

**Mr. Hampton:** Do you have any documentation to share with us at this time?

**Mr. Jennings:** I have basically what I just read out. I'll give you copies tomorrow.

Mr. Hampton: That would be fine. Thank you very much for the information. I'm sure it will prove quite useful.

I'd like to go back to some of the questions I asked. I think you told us that there are 125,000 McGuinty meters installed at this time.

Ms. Lawrence: Yes, that's the estimate.

**Mr. Hampton:** But I understand that few, if any, of them are operational at this time.

**Mr. James Gillis:** I think that we should probably define what "installed" actually means. There are several components that go along with the installation of a smart metering system. It's not just meters on the wall. They're rolled out in phases. The first phase of deployment would

be the actual installation of the meters, to be followed by the installation and connection of telecommunications equipment that would be needed to move data from the meter, which is now spitting out time-of-use data, back to a collection house. The second part of the roll-out phase hasn't yet started, so there are just meters on the sides of homes. Some 125,000 meters have been put on the sides of homes.

Mr. Hampton: Basically, that's just hardware on the wall.

Mr. Gillis: It is.

**Hon. Mr. Duncan:** The pilot in Ottawa is actually working now. I spoke with them today. In fact, they anticipated a 10% take-up; they've had a 40% take-up among their ratepayers.

Mr. Hampton: But I think it's correct to conclude that few, if any, of these 125,000 McGuinty meters are operational in that they're doing what your concept intends them to do. Is that a fair conclusion?

Mr. Gillis: The minister makes a good point. There are some pilots around the province that are currently billing time of use, but the vast majority of the meter installation that was rolled out recently is not yet operational from a smart metering perspective. That process takes some time and we're just in the midst of the first phase of that.

**Mr. Hampton:** So those 125,000 McGuinty meters won't be operational until the information technology hardware is there and until you've got a data processing entity operational as well?

Hon. Mr. Duncan: No. I spoke with Toronto Hydro today, for instance. They've got them out and they can fulfill some of the things. Yes, in terms of fully operational, they're just beginning. But in some of the pilot projects, they are fully operational.

Mr. Hampton: I just want to conclude with a question that I asked last week. Minister, you don't know the total cost of your projected six-million McGuinty meter program?

Hon. Mr. Duncan: The estimate that was provided was—we can table this with you. This is public information already. In 2000 dollars, the cost is about \$1 billion. The present value of benefits is expected to be \$1.6 billion. Therefore, there is a savings, not only to individual customers but to the system, of \$600 million. This was done by the Ontario Energy Board based on input from industry participants.

Mr. Hampton: So your estimate of cost is \$1 billion.

Mr. Gillis: That's the Ontario Energy Board's.

Hon. Mr. Duncan: That's the Ontario Energy Board's estimate.

**Mr. Hampton:** Do you have a cost of the data processing facility?

Mr. Gillis: It's all encompassed in the \$1 billion.

**Mr. Hampton:** The \$1 billion is all-encompassing. You then must be able to cost, to figure out in your terms, the cost per meter or the cost per customer. What do you put that at?

Mr. Gillis: I think the Ontario Energy Board has estimated that, not including the submetering component, the cost per meter would be \$250. That would include both the cost of the meter, the communications equipment that we talked about just a minute ago and the back office.

Hon. Mr. Duncan: That's based on the four-millionmeter scenario.

**Mr. Hampton:** That's not based on the six million? **Hon. Mr. Duncan:** That's correct. And we do expect those costs, because of the larger volume, to come down.

Mr. Hampton: We were able to do some research ourselves. As you know, there have been some specific OEB submissions from some of the local distribution companies. One of the submissions to the OEB was a budget for the implementation of a fairly densely populated urban area, 136,000 McGuinty meters. Given that this represents a fairly densely populated urban area, I think the per meter cost, when you throw in installation and related costs, would be less than the Ontario average. If you're going to start putting McGuinty meters into rural communities, into more remote communities, I would think that for moving the data, transmitting the data and so on and so forth, there would be a higher cost, wouldn't there?

Mr. Gillis: It actually depends on the type of meter and technology. One of the things that you can do is, if cost dictates, you can collect the data using drive-by services and the like, so it's difficult to compare the actual collection costs.

Mr. Hampton: This is one of the urban areas that I understand is fairly advanced. They put the meter hardware cost for 136,000 meters at \$25 million. This is in their OEB submission. They put the meter installation cost for 136,000 meters at \$4.6 million. They put the meter-to-data warehouse communication costs—because there will have to be, as I understand it, some improvements to the communication costs transmitting the data back and forth—at \$3.9 million. They put the data management cost at \$4.5 million. They put the computer information systems improvements and changes at \$6 million, and they put the program management cost at \$3 million. This is one of the urban areas in Ontario that's already doing this.

This adds up to a \$47-million budget for 136,000 households, or \$350 per meter. It doesn't include any ongoing operational costs, which, the utility estimates, could add another 30% to the costs already cited. It also doesn't include the costs of the central data processing entity and any additional costs associated with that.

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I want to take their submission. If it costs a large urban area—a densely populated urban area—\$350 per McGuinty meter, a conservative estimate for the whole province, where installation and communication costs will be much higher, on average, would be about \$375 per meter, and six million times \$375 works out to \$2.25 billion.

We're extrapolating from a municipality that's already doing this.

**Hon. Mr. Duncan:** The cost, then, based on our original estimate—I'd like to know the municipality, by the way, so we can have a look at those numbers—

Mr. Hampton: Yes.

Hon. Mr. Duncan: —ranges, therefore, between \$1.6 billion and \$2.2 billion. As we indicated to you, there will be a variance in those costs, depending on how each LDC will select its own technologies and so on. The net benefit to the system will be substantial as a result of this, in our view.

Roz, did you want to-

Ms. Lawrence: Again, I'm not certain which application you're referring to—

Mr. Hampton: We'll get to that.

Ms. Lawrence: —but in both the CDM pilots and the plans that were filed in the 2006 rate application process, those are planning numbers used by LDCs based on their own estimates. I think we spoke the last time we were here about having organized LDCs into large buying groups, and what we were starting to see as they negotiate their way through their service contracts is the real benefit of cost reductions from economies of scale and bulk purchasing.

Similarly, the meter data management functions are out in the process now of a competitive procurement, and it's anticipated that that will also drive costs down.

The Chair: We're down to about three minutes, Mr. Hampton.

Mr. Hampton: That's fine.

The point is, this is an LDC that's already doing this work, and extrapolating from them, it comes out to about \$2.25 million.

Interjection: Billion.

Mr. Hampton: It's about \$2.25 billion, yes. We also looked around and asked some questions about this kind of sophisticated data processing, the data processing entity and the other related costs. What we were told, as we asked this question, is that a cost of \$1.25 billion would not be out of the ballpark. Do you dispute that figure?

Mr. Gillis: Is it \$1.5 billion for just the data—

Mr. Hampton: That's \$1.25 billion for the data processing entity and the other related costs—that a cost of \$1.25 billion would not be out of the ballpark for the data processing entity and everything that would have to be hooked into that to make it work. Do you dispute that figure?

Mr. Gillis: I think the OEB, when they did their estimate again, came up with a figure all-in of \$250 per meter, and that contemplated 90, or almost 90, separate functions that would, in effect, represent exactly what you were talking about. What we've done is consolidated the 90 into one, and our expectation is that that would result in cost savings.

Mr. Hampton: But my question is direct.

**Hon. Mr. Duncan:** Let me, if I can, just interrupt for a minute here. First of all, if you could provide us with that figure—who said it, on what basis they arrived at it—then we could respond more completely.

It's difficult to respond to an unnamed source with a number that's pulled out of the air, from what I can tell, and it doesn't jibe with what the Ontario Energy Board has said to us.

**Mr. Hampton:** But I'm just asking you: We did the research, and we were told that for a data processing entity that sophisticated, you're looking at \$1.25 billion.

**Hon. Mr. Duncan:** I take the OEB's estimate over that, unless you can provide me with where that information came from and what it's part of. Then we can have a complete look at it and respond.

**Mr. Hampton:** It's your position that the \$1.25 billion would not be accurate?

Hon. Mr. Duncan: It's my position that I accept the numbers the OEB has provided us with and that if you're kind enough to provide us with who your source is and what's included in that, we can possibly analyze it and respond in a more fulsome way.

**Mr. Hampton:** Chair, the minister has been citing figures from the OEB. I think those figures should be tabled here.

Hon. Mr. Duncan: Yes. They have been.

Mr. Gillis: Yes. We provided the report last year.

Hon. Mr. Duncan: It's already in the public realm and we'll re-provide it to you.

**Mr. Hampton:** Okay, then we'd like to see that again. **Hon. Mr. Duncan:** And if you provide yours to us then we'll respond to them.

**The Chair:** So you're going to provide the information, if you've got it now.

Hon. Mr. Duncan: Do we have that specific information? Yes

**Mr. Hampton:** That's last year's information? I just want to be clear on that. That's last year's information from a year ago?

Mr. Gillis: It's a report from January 2005. I believe we tabled it last year. But in any event, we'll table it again.

Mr. Hampton: So that is almost a year and a half out of date now. That's a year and a half old.

Mr. Gillis: It is.

The Chair: Okay. Now, with that, I'll go to the government side.

Mr. Arthurs: Mr. Chairman, on the understanding that the minister has a commitment early, at 5 o'clock, I believe we have some agreement to adjourn early, and we're prepared to stand down our time in the interests of the opposition parties, to give them a full opportunity today to question the minister. We stand down our 20-minute rotation.

**The Chair:** To the official opposition, then.

Mr. John O'Toole (Durham): Thank you very much. Just a couple of very quick questions, then I shall be pleased to share my time with the critic. First of all, in my riding of Durham the Darlington proposal and its future is extremely important. Your timely announcement, I guess, if you look at it in terms of municipal elections, is out there. What's your best guess for when,

or if, that would be a full, completed on-the-ground project? Is it a 10-year, five-year—

Hon. Mr. Duncan: Before we start actual construction?

Mr. O'Toole: Yes, a window.

**Hon. Mr. Duncan:** Just so I understand, you're talking about the potential for two new nuclear reactors on the Darlington site?

**Mr. O'Toole:** Yes, just having something on the ground operational. Because I have other questions too.

**Hon. Mr. Duncan:** When you say "operational," do you mean construction started or there's power coming from the new reactors?

Mr. O'Toole: Delivering power into the grid.

**Hon. Mr. Duncan:** We're looking at somewhere between nine and 12 years, I think it's fair to say, by the time power is actually coming out of it.

Mr. O'Toole: If you look at the economies of the current 500- or 600-megawatt operation, are you looking at anything else—the French River project or anything like that? The economies of scale are very important for operational issues. Whether it's 500 megawatts or 1,000 megawatts, you probably need the same specialists looking at—

Hon. Mr. Duncan: As you know, John, at the Darlington site, the existing Candu technology, I think there are about 700 megawatts. They're bigger than the 500. We have said our preference is the Canadian technology, but it will depend ultimately on a whole range of factors. But whether you're talking Candu or other technologies, they tend to be larger reactors.

**Mr. O'Toole:** So you are looking at the larger footprint for the end result 12 years from now of producing—

Hon. Mr. Duncan: Again, I'm not trying to be picky here.

Mr. O'Toole: You said 1,200-

**Hon. Mr. Duncan:** I don't want to say "larger footprint" because the fact is the units are the same, maybe even smaller, yet producing more power.

Mr. O'Toole: That's right. That's what I meant, really, the number of megawatts coming out the end. The cost of operation is the ongoing cost of the system, It's my understanding, from some people who might know—it would depend on what they're telling me—that it would probably be more efficient to have more megawatts. Now, there are other issues of reserve capacity that come into play, because if they go offline how do you replace 1,000 megawatts if they're offline for maintenance or whatever? I understand that. I'm just trying to get a sense of how much flexibility is in that.

I guess the other one, you've answered—you are looking at other technologies?

Hon. Mr. Duncan: We haven't formally begun to look at them but we haven't ruled them out. We have said that our preference is the Canadian Candu technology. But it'll depend ultimately on the nature of whatever agreement we can get with the federal government.

Mr. O'Toole: In the next few weeks I expect there will be some sort of announcement coming out on a hydrogen project which is related to research and also making hydrogen from nuclear energy, basically one of the by-products of the process it is my understanding. Is there something you could say to the committee on that level? That's to be announced. I think it's just waiting for a photo op to happen.

Hon. Mr. Duncan: I'm not familiar with it. We may not be involved in that. But you're absolutely right: Hydrogen is a by-product, as you know, and nuclear and hydrogen kind of go hand in hand, so there is opportunity

there. We have-

**Mr. O'Toole:** It isn't even using electrolysis. It's actually using another process. I'm not an engineer nor a chemist, and I'm told by some of the people at the University of Ontario Institute of Technology who are interested in that.

**Hon. Mr. Duncan:** It may be that OPG is proceeding with that, but I'm not familiar with it.

Mr. O'Toole: Let's hope so.

1630

**Hon. Mr. Duncan:** We have participated in other studies on that, but not—

Mr. O'Toole: Good. I just have a couple of other questions and I'll give the clock back to my good friend.

I am also interested in the McGuinty meters, as Howard likes to call them. I'm glad to hear your deputy call them smart meters as opposed to time-of-use meters, because if you're looking at the future application and any real net gain from these things, it's about managing load and demand. That's really what it's for: shifting load and smoothing out your peaks. Is that the end goal? That's a smart meter. Time of use is a billing function. You can then set up a little grid: "If you use it at high-peak demand, we're going to charge you a lot; otherwise modify your behaviour." That I understand, but it comes down to your data management and some other questions.

My questions really follow up on Howard's. If you're going to have a time-of-use and smart meter system, are you going to manage that centrally as opposed to having every LDC with this system, and the billing and the rate and the challenges? Is that function going to be centralized? Because there are going to be a lot of disputes on rates: "The system was down." "I didn't do that." "The rate is this much and I didn't—." So it's going to be like chasing a fox around.

Mr. Gillis: We're pretty comfortable with the design and that there would be enough flexibility and redundancy to accommodate certain outages; for example, in the utility's ability to get the data to the MDM/R or unavailability of the MDM/R. There are computers that will be located at various stations to make sure that we have all of the data that we would need at different points.

The MDM/R function was designed, I think, with a view to accomplishing the goals that you alluded to, which are to centralize the function and actually to

achieve economies of scale in managing the back offices of the LDCs. We have 90 of them but we don't need 90 MDM/Rs. So we're proposing to consolidate the data and then give it back to the specific LDC in bill-ready form. That's, in effect, what we've tried to do.

Mr. O'Toole: Very short, if I could: What's your expected delivery date of, not just the Ottawa or some other system that's up and running—but have you got a systems delivery date in mind? I can tell you, having had very limited but long experience in data systems, including smart systems for health, they don't deliver and they don't deliver on time or on budget. Take a look at smart systems and the integrated justice system. None of them works. None of them is working, and we've spent billions on them. I think Howard is close to the real thing here. What's your deliverable time on the billable, the central warehouse and the billing function being passed off to the LDCs?

Mr. Gillis: The first important point is that the ability to bill time-of-use rates is not contingent on the MDM/R being fully functioning at any one point in time. There are other ways of getting the data into a billing system. The most efficient way, however, is the use of the MDM/R. We're expecting that utilities will have their customers rolled into the MDM/R in a wave-type rollout, as it's available. But to the extent that it's not available for a particular LDC, as I said, that doesn't preclude them from billing.

Mr. O'Toole: Yes, they can still go to time of use.

**Mr. Gillis:** They can go to time of use. They just collect the data in a slightly different fashion.

**Mr. O'Toole:** So time of use would be ready, like, 2007?

Mr. Gillis: We're expecting it to be ready, yes, in 2007

Mr. O'Toole: Last question: As I look at the whole system—and I remember listening to the LDCs saying, "Gee, if we're going to start selling the cheap-rate stuff, where is our revenue coming from?" Do you understand? Their big question here is—they're all for conservation but that means losing revenue. I suspect, when I look at it, if the revenue is X amount today and we're able to save some forecasted amount by time-of-use response, say, 10% of conservation, I suppose, or something like that—some jurisdictions say it's 30%—by the time people understand the time of use and their response to it about shifting activities, I believe, and I firmly want it on the record here, that the other rates will go up. The revenue won't go down. They'll be paying more for less consumption, because their bill isn't changing. No LDC is going to take a 15% cut in revenue, nor is any generator going to take less. So if the system needs this much capacity, I believe that you're going to be paying for it in other rates. In other words, if I'm using 1,000 kilowatt hours a month and I'm paying \$250 today, in the future I'm going to be using 10% or 20% less and I'm going to be paying the same amount per month.

Mr. Gillis: You're quite right: There are two charges that the LDCs receive. They receive a fixed charge and a

volumetric charge. Therefore, they would need to top up that volumetric charge if, in fact, the volumes flowing through the LDC were reduced. I think the way that you make up that, just in the LDC category of savings, is, again, to shave that peak off the top of our load profile. So the LDCs have to have in place an ability to distribute a certain amount of power and it has to really accommodate the peak. What we're proposing is that savings would come in reducing the robustness of the distribution system over time because the peak isn't quite as high as it would be. So you flow a greater amount of power through the system 24/7 as opposed to huge amounts 5 by 16 and very little over the weekend, for example.

Mr. O'Toole: Do you have any-

Hon. Mr. Duncan: John, if I could, just to conclude that: Any of these rates would have to be approved by the OEB, number one—let me finish—subject to public scrutiny, subject to public participation. Number two, again, the overall system savings that the deputy has referred to is about \$600 million in current, 2007 dollars.

Mr. O'Toole: Savings in what respect? By shaving

peak, you mean?

**Hon. Mr. Duncan:** Everything associated. The OEB did a study. They looked at what the cost of the system would be; then they looked at the benefit to the system. It came out to be about \$600 million, and we've tabled that.

**Mr. O'Toole:** Thanks. I'll pay very close attention to this file and specifically to the Darlington site and progress as quickly as possible.

The Chair: Mr. Yakabuski?

Mr. Yakabuski: I'll just pick up a little bit on what my colleague Mr. O'Toole was asking about, the choices of nuclear technologies. Are you in a process right now of making those determinations and making those decisions? I don't think we want to wait and wait and wait until such time as we're actually at the drop-dead date sort of thing. I think some decisions could be made. I certainly know that all of the suppliers of nuclear power are making their cases, and I think it would be prudent for the government to soon make some decisions with regard to technology. Are you any further down that line at this point?

Hon. Mr. Duncan: Yes.

**Mr. Yakabuski:** When do you think we might have a decision? Before the end of the spring session?

Hon. Mr. Duncan: I'm not going to give you a specific time because again, it's a fairly—for instance, we've studied the implementation of the most recent reactors, of different technologies, in different parts of the world. I am scheduled to meet with Team Candu very shortly. Officials from the Premier's office have met with people from the Prime Minister's office with respect to AECL and the role the federal government, given it's a federal crown corporation, will play. So we have begun a process that will involve not only ourselves but obviously Ontario Power Generation. But I don't want to be pinned down on dates. Suffice it to say the reason we tabled the IPSP, the reason we're anxious to move forward, is that the need to refurb or redevelop existing reactors is acute,

in a relatively short period of time, so there is some pressure on us to begin to make these decisions.

**Mr. Yakabuski:** Clearly the support is already in place for the new build of a Candu reactor. It's here. We have it. That is not the case for the competing technologies.

Hon. Mr. Duncan: Clearly we have to get a good deal.

Mr. Yakabuski: Absolutely. I'm with you.

Hon. Mr. Duncan: Because the ratepayers will pay the cost of this. So we are hopeful that AECL will be able to provide us with the best deal. As you know, the figures around cost estimate versus final cost historically were way out of whack, and the entire risk of both the capital project and the operating end of it has been borne by the ratepayers. We are interested in ensuring that that risk, particularly the capital risk associated with the build, is borne by the developer and the owner—in this case it would be AECL, if we choose to go with that technology—or be shared in a different way. So those are the kinds of factors that will go into our decision.

Mr. Yakabuski: That's good. Of course, when you talk about cost overruns in the past, and we are certainly well aware of that, we have to also remember that there were changes of government taking place at that time. I remember that when the Liberal government took office in the mid-1980s they were determined to cancel Darlington. In fact, they committed they were going to do that, and then they reversed that. So all of those things—

Interjection.

**Mr.** Yakabuski: Yes, you've checked the record.

Hon. Mr. Duncan: The NDP did.

Mr. Yakabuski: The NDP did, but the Peterson government was going to cancel it as well.

Hon. Mr. Duncan: They never said that.

Mr. Yakabuski: Well, we can check the record. You can correct me later, but I'm putting my stuff on the record here.

That has had a lot to do with it-

**Mr. O'Toole:** If I could interrupt: I just wonder, is there going to be any consideration of enriched uranium? That's the next generation of Candu.

**Mr. Gillis:** It depends which reactor type you choose. In fact, the latest generation of AECL's reactors would require the fuel to be slightly enriched.

The Chair: Okay, Mr. Yakabuski, you can carry on your questioning. You have three minutes left.

Mr. Yakabuski: Gee, I wonder if we'll get it all in.

In the original supply mix advice report from December, we had an expectation in 2025 that 37% of our installed capacity would come from renewables, but 43% of our power. The renewable numbers have changed dramatically since then, and we're talking 15,700 megawatts of renewable. That's installed capacity?

Hon. Mr. Duncan: Yes.

**Mr. Yakabuski:** What is the expectation for actual electricity production from renewables under the current IPSP?

**Mr. Jennings:** I think it's similar to the number that you quoted, but we'll check. That includes hydroelectric, so we currently have 7.800 megawatts of that.

Mr. Yakabuski: Yes, we understand that.

While he's doing that, the question I asked about the so-called experts—am I going to get that before the committees are done, or could that come after?

Hon. Mr. Duncan: We'll do our best to have it to you.

**Mr. Yakabuski:** But it's possible I'll get it after, is that it? There are no guarantees.

Hon. Mr. Duncan: It's possible, yes.

The Chair: Because energy ends tomorrow; tomorrow will be the last day, in all likelihood, of energy.

Mr. Jennings: We just have the megawatt numbers here, but we can certainly get that for you.

Mr. Yakabuski: You've got the capacity, or you've got the production numbers?

Mr. Jennings: We've got the capacity numbers.

**Mr. Yakabuski:** We have the installed capacity numbers. Do you have the production?

Mr. Jennings: We can get that for you. We don't have it right here, no.

**Mr. Yakabuski:** Okay; you're going to get that for me. Because my next question has to do with that, and that is, what is the percentage of renewables that you're going to have installed as wind? Of the 15,700 megawatts, how much of that would be turbines? What is the mix?

Hon. Mr. Duncan: It's not broken down in the IPSP. That's part of the go-forward plan. But if where you're going is you're talking about the difference between—

Interjection.

Hon. Mr. Duncan: It's reliability, and it comes down to how much power you get out of wind versus other sources. Clearly hydroelectric, for instance, is a baseload form of power. Wind doesn't always work. I can tell you that the Ontario Power Authority, those who came up with these figures, have recommended that these things are doable and that the overall installed capacity associated with the renewable target is achievable, and also that in terms of the actual electricity we use, it's consistent with the numbers that have been put forward.

Mr. Yakabuski: Can we get those numbers, then, the production numbers?

Mr. Jennings: We can give you estimates.

Hon. Mr. Duncan: We can give you our estimates.

Mr. Yakabuski: I understand that. So you would undertake to provide me with those. Because I think it is important with regard to how efficiently our system is going to work. You're currently paying 11 cents a kilowatt hour for wind. If our production is going to be coming, a certain percentage, from that particular form of power—

**Mr. Jennings:** Of that, we have 1,320 megawatts under contract that are being built now, and those have prices of eight cents to 8.6 cents.

Hon. Mr. Duncan: They're nowhere near 11 cents.

The Chair: That would conclude—

Hon. Mr. Duncan: But the point you're making is valid. Presumably with the wind we have now, it's kind of the low-hanging fruit because it was left for so long. Will it go up? Yes, I suspect the price of natural gas and coal will continue to go up over the same periods of time. What was interesting last year is, the price of natural gas went up. In fact, when those contracts were awarded, there was almost a convergence between the price of gas and the price of wind. Of course, gas has fallen now.

You're right: Wind doesn't blow all the time, so you have to have more installed capacity to meet what you

actually need to produce.

**Mr. Yakabuski:** The NDP isn't here. Can we use their time?

The Chair: This particular round is over for you. I will stand down the time of the NDP because he's obviously not back here in time. I'll now go over to the government. What's your wish?

Mr. Arthurs: We'll stand down our time in the interests of—

The Chair: The government will stand down your time as well. Okay, then we are back to you for the remainder of the time. You have another 14 minutes, Mr. Yakabuski.

**Mr. Yakabuski:** We want to stay on that for a bit because I think some of the questions with regard to your

supply mix are important.

As you know, in other jurisdictions the more wind that they bring into the system, the greater the installed capacity, the more they have to back it up with some kind of a dispatchable reserve. What are the plans with regard to this plan and what percentage are you using to back up your installed wind capacity?

Hon. Mr. Duncan: It's built into all of the numbers. It's an integrated plan that was put forward by the power authority, subject to, again, OEB approval next year. They'll have a look at those numbers. The numbers, we believe, are robust in terms of how much capacity we need, what the mix is at that timeline. It's all interdependent. There's a very aggressive conservation goal in there. There's an aggressive target on renewable capacity, and there are aggressive targets on baseload capacity moving forward as well.

Mr. Yakabuski: So you can't tell me what those numbers are?

Hon. Mr. Duncan: Yes. It's all laid out in the plan. Those numbers take into account—

Mr. Yakabuski: For the record, can you tell me them?

Hon. Mr. Duncan: Roughly, it's 40% nuclear versus 50% today. The percentages are spelled out in the plan on renewables, gas, and we've even got a component for research. If I've got the figures here, I'll have Rick read them out to you, but it's an integrated plan—something we didn't have before. Again—

**Mr. Yakabuski:** You had a plan to close coal plants too, but the plan is not much good if it hasn't been properly researched.

Hon. Mr. Duncan: This one has-

Mr. Yakabuski: I didn't say that. I'm saying that the plan is only a plan.

Hon. Mr. Duncan: The power authority has done a very good job, in our view. We've looked at it and we are going to be closing those plants, just as you said you'd be closing those plants. It's a question of how we get there and over what period of time, and we remain very firmly committed to that goal.

**Mr. Yakabuski:** We're talking about a plan. Your plan was to close them by 2007, and that thing was silly

from the start. So it wasn't a very good plan.

**Hon. Mr. Duncan:** We don't think childhood asthma is silly. We don't think global warming is silly. We don't think the environment's silly. We don't think mercury pollution is silly. We don't think—

Mr. Yakabuski: I don't need the lecture, and I know you had a plan—

The Chair: All right, guys, let's calm down.

Hon. Mr. Duncan: Listen, nothing is silly about climate change.

Mr. Yakabuski: No, no, come on. I don't need a lecture on this. This is bullshit.

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**Hon. Mr. Duncan:** Oh, the language. My goodness. You should apologize.

**The Chair:** Okay. We've heard the response. Can we get to another question now?

Mr. Yakabuski: I'm talking about a plan-

**Hon. Mr. Duncan:** I just don't think it's silly. I don't think climate change is silly.

Mr. Yakabuski: Your plan was silly. Your commitment was silly.

Hon. Mr. Duncan: No, you said it was silly to go

Mr. Yakabuski: No, I didn't say that.

The Chair: Just calm down-

Mr. Yakabuski: I did not say that.

Hon. Mr. Duncan: You said it was silly.

**Mr. John Wilkinson (Perth–Middlesex):** On a point of order, Chair—

Hon. Mr. Duncan: You said that closing coal was silly.

The Chair: Mr. Yakabuski and Minister, can you just calm down for a second? A point of order for Mr. Wilkinson.

Mr. Wilkinson: Mr. Chair, in the interests of those children who will read Hansard, I would suggest that the member actually withdraw the unparliamentary remark that he made on the record.

**Mr. Yakabuski:** I withdraw the word. I am not implying in any way, shape or form—I'm talking about his dissertation here. We're not talking about the factual stuff of it—

Mr. Wilkinson: Mr. Chair, a point of order—

**The Chair:** You finish off, and then I'll go to your point of order.

Mr. Yakabuski: We are talking about his lecture. I don't need his lecture. I made a statement that their plan was silly, and we don't need to go into his messaging of

what they're trying to sell here. That's not what we're here for.

**The Chair:** Okay. I think that's made fairly clear by both sides here. Now, can we get to another line of questioning?

**Mr. Wilkinson:** Just a point of order, Mr. Chair: It's my understanding, under the rules of the House—and I'm sure the clerk will back us up—that when a member withdraws, he withdraws without explanation.

The Chair: I think we had a withdrawal, and I'm going to ask Mr. Yakabuski now to carry on to the next

question.

Mr. Yakabuski: Yes. Thank you.

**Mr.** Gillis: Maybe I can just help out here with respect to some of your questions on wind. What was in the plan around wind is that the OPA estimates that there's a maximum we can accommodate in the system of about 15% of our installed capacity, and that will be roughly 5,000 megawatts.

The real need to back up that power will be borne out in where we actually place the wind turbines around the province and how predictable the wind flow is over a period of time. If the wind flow is predictable, as I expect it will be over time, then your need to back up that capacity will fall.

**Mr. Yakabuski:** Thank you. We want to get back onto some of that other stuff. Doctor Duncan was telling us about childhood asthma. Childhood asthma is most affected by the smog.

Hon. Mr. Duncan: Yes.

**Mr. Yakabuski:** So why aren't you doing something about the smog from our coal plants?

Hon. Mr. Duncan: We have, actually.

Mr. Yakabuski: No, we did that.

**Hon. Mr. Duncan:** No, since 2003, since we took office, emissions from coal-fired plants are down 17%. I outlined those numbers—

Mr. Yakabuski: But you haven't done anything to clean the plants, sir. That is because of reduction in usage, improvements being done by OPG, but you have not installed a single piece of mitigating equipment, emission-reducing equipment, on any of our coal plants. And you talk about childhood asthma? You should be ashamed of yourself.

**The Chair:** Okay. Minister, can you respond to that?

Hon. Mr. Duncan: I provided statistics last week. Emissions from coal plants are down 17%, including—I don't know if the member understands this, but smog is caused in part by CO<sub>2</sub>, and the coal plants are the largest emitters of CO<sub>2</sub> around. In fact, Nanticoke is the biggest, I believe, in North America. That's why, in order to get smog, it's important that we have a plan to close plants because, again, it is a very serious issue for a whole variety of reasons. Since we've taken office, by the way we run the plants, by a number of other steps we've taken, emissions are down by 17%.

I should point out to the member again, as I did last week, remind him that the so-called clean coal technologies don't get the CO<sub>2</sub>, and that's precisely what

causes the smog. They do, as I acknowledged last week, get the so-called  $NO_x$  and  $SO_x$ —

Mr. Yakabuski: That is not correct.

Hon. Mr. Duncan: It is correct.

Mr. Yakabuski:  $NO_x$  and  $SO_x$  are the prime components of smog.

**Hon. Mr. Duncan:** No, they're not. It's CO<sub>2</sub>, in terms of climate change.

Mr. Yakabuski: Mr. Speaker, I'll use the rest of my time. I don't need any more from him.

The Chair: Okay. Just a quick summary, Minister.

**Hon. Mr. Duncan:** In short, the so-called clean coal technologies don't get CO<sub>2</sub>. As I said in the House and I'll say here, putting those technologies on is akin to putting filters on cigarettes.

The Chair: Okay. Now Mr. Yakabuski.

Mr. Yakabuski: Unless I ask him to answer a question, I don't want any more interruptions. So-called clean coal technologies is what you're talking about, currently installed on our plants. There are other technologies being researched that do deal with CO<sub>2</sub> at this point. You guys have a ministry—the Premier is the Minister of Research and Innovation, and yet you want to turn your backs on the possibility of even looking for a way that we can eliminate these emissions from a fuel source.

Hon. Mr. Duncan: No.

Mr. Yakabuski: I'm not asking you a question, Minister. You want to turn your back on doing anything that will even investigate the possibility of finding a way to use a fuel source—

Hon. Mr. Duncan: No. We haven't said that.

Mr. Yakabuski: —that is adequate and inexpensive. You don't even want to find a way to see if it works. You've just shut the door on that.

Hon. Mr. Duncan: Can I respond to this?

Mr. Yakabuski: I'm not finished.

The Chair: Let him finish his comments, and then, when he does ask the question, I'll ask you to respond and sum up.

Mr. Yakabuski: I haven't asked the question.

The Chair: Mr. Yakabuski?

Mr. Yakabuski: I guess my question would be why this government that talks about its concern for supply and quality of air will not even do a thing to install emission controls on our current coal burners. I'm told that, with the expected nuclear refurbishments that are going to be coming, by 2014, we're hitting a real wall. You're not going to have any new-built nuclear on line by 2014. At that point, some of our nuclear plants have to come down. So if you don't have those coal plants replaced at that point, you're going to have to run them. Between now and then, why are you not going to do something for the children with asthma in this province and install emission-reduction equipment on those stacks at Nanticoke and Lambton?

Hon. Mr. Duncan: We have asked the power authority to give us a plan for the phase-out of coal. I remind

you that your party indicated you could close those plants by 2015. You said that in your campaign document.

Again, in terms of climate change, the technologies that are in existence today do not get the  $CO_2$ . The Premier has said, if new technologies emerge that do that, then of course we'll look at them. We don't think, given that we import all of our coal, given that it's profit-driven companies that sell us the coal, that we should be using taxpayer dollars, necessarily, to do research. That's part of their profit, and it's profit that goes out of the province. We're not a coal producer. They are doing research. To date, yes, scrubber technologies get the  $NO_x$  and  $SO_x$ . They don't get the mercury, they don't get the particulate, and they don't get the  $CO_2$ .

Mr. Yakabuski: Have you been out to Genesee?

Hon. Mr. Duncan: I have not.

Mr. Yakabuski: I have.

**Hon. Mr. Duncan:** Well, good. Let me finish. I listened very attentively to you and I'm responding. Clean coal right now, in our view, because it does not get the CO<sub>2</sub>, does not get the mercury, and does not get the particulate, is an oxymoron.

By the way, do you know how much these technologies cost? That's a big factor. If you're saying you're going with clean coal technology, there's a large cost associated with those, and we want to make sure, if new technologies do develop, that we don't leap at what we have today, because it doesn't get the CO<sub>2</sub>.

There are much faster ways of reducing the emissions associated with the coal plants that are less costly and will not prejudice us in the event that these organizations that are doing research on improving the technology are, in fact, able to find it. My recollection is that two years ago there was about US\$171 million spent on clean coal research. To date, none of those technologies has in fact been able to reduce the CO<sub>2</sub>.

I'll finally say that what the Premier has said is that if a technology comes along that gets the CO<sub>2</sub> below the natural gas amount of CO<sub>2</sub>—and I remind you, natural gas is about 50% of coal—then, of course, we would look at that.

The Chair: We have time for a quick question and answer.

**Mr. Yakabuski:** I'm just wondering where our large supplies of Ontario natural gas are hiding.

pplies of Ontario natural gas are hiding.

Hon. Mr. Duncan: Agreed. I can't disagree with you.

**Mr. Yakabuski:** Well, you just said coal has to be imported. If you've never been to Genesee 2, maybe you should, because there's a bag system there that does remove the mercury, and it's on a coal plant.

Hon. Mr. Duncan: But again, CO<sub>2</sub>—and that's an experimental—

**Mr.** Yakabuski: So we've got technology that removes mercury. It is there. That's in existence today, and if you look at what they're doing with clean coal—

Hon. Mr. Duncan: Where's Genesee 2?

Mr. Yakabuski: In Alberta. I've toured it. I visited it. Hon. Mr. Duncan: Alberta's a huge producer, and by the way, I am familiar with that. I'm not certain that it

does what you're suggesting, but we can debate that at another point in time. Alberta is a coal producer and exporter.

Mr. Yakabuski: Absolutely.

The Chair: Okay, guys. I think we've come to the 5 o'clock point.

**Hon. Mr. Duncan:** Chair, if I might, I didn't have a chance to thank the opposition and you. I apologize. I've been called into a cabinet meeting at 5 o'clock today. I appreciate the consideration on allowing us to move that hour.

**The Chair:** With that, Minister, we'll start tomorrow with Mr. Yakabuski. You have six minutes remaining in this round.

Mr. Yakabuski: Okay. How long are we going tomorrow?

The Chair: We will be back in this room directly after-

**Hon. Mr. Duncan:** About midnight tomorrow we'll go to?

Mr. Yakabuski: I do need to know. How long are we actually going? I need to know how many—

**The Chair:** Two hours and 55 minutes left, so we'll go close to 6 o'clock tomorrow night.

**Mr. Yakabuski:** So between the opposition and I, we have two hours and 55 minutes, or is that including the government?

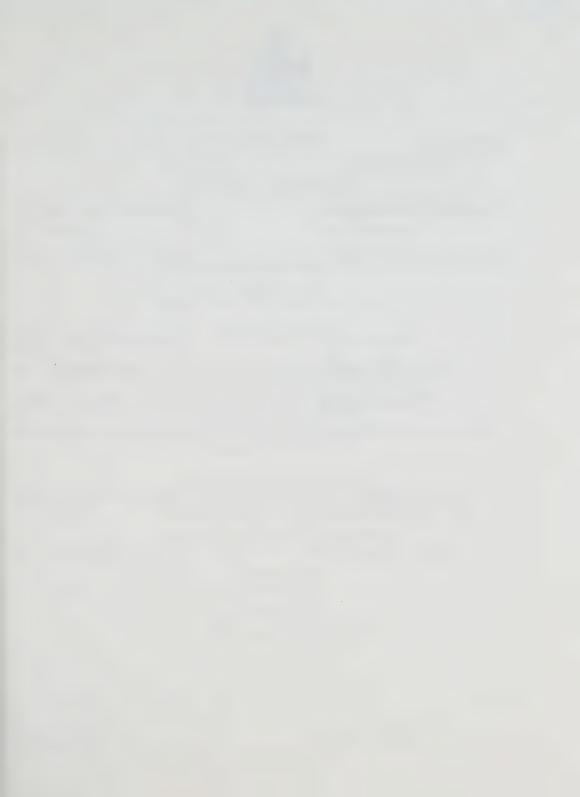
The Chair: That would include some time the government may have as well, but they can still stand that time down.

**Mr. Yakabuski:** At the maximum, we'll go two hours and 55 minutes. It could be less.

**The Chair:** Yes, but we will finish up with energy tomorrow. So we will finish up tomorrow with energy. I appreciate everybody's concern. This meeting is adjourned until tomorrow. We're back in this room, 151. There'll be a notice going out.

The committee adjourned at 1700.





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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Wednesday 4 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 4 octobre 2006

The committee met at 1551 in room 151.

#### MINISTRY OF ENERGY

The Chair (Mr. Garfield Dunlop): Ladies and gentlemen, thank you very much for being here today. We'll continue on with Minister Dwight Duncan and the Ministry of Energy. As we stand right now, in this round Mr. Yakabuski has six minutes remaining in his questioning. So, Mr. Yakabuski, if you could proceed and we'll continue on throughout the afternoon.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke): Yes, a number of different things. We've got six minutes

here for now; right?
The Chair: Yes.

Mr. Yakabuski: Thank you very much again for coming, Minister. Bensimon Byrne are the ones who did the ads for the opposition leader, when he was in opposition, Dalton McGuinty, the one where he got up and said, "I won't raise your taxes" to the people of Ontario. Since then, that advertising firm has received contracts in the millions of dollars from the Liberal government. I'm wondering if your ministry has any contracts with Bensimon Byrne and, if so, how much they cost.

Hon. Dwight Duncan (Minister of Energy): I don't believe so, but Γ m going to have to double-check because we have been involved in a number of advertising campaigns, but I have no recollection of them being used

by us, but I will double-check that.

**Mr. Yakabuski:** So you'll get back to us on that. Thank you very much. That would be of interest to us.

We've heard you talk many times about the megawatts you've brought online, the 11,000 megawatts that you have boasted about coming online. How much of that 11,000 is currently under construction, and could you list them?

**Hon. Mr. Duncan:** I will give you the projects, the ones under construction right now and the in-service date: York region demand response program, in service date 2006. That's a three-megawatt project.

Mr. Yakabuski: Three-megawatt.

Hon. Mr. Duncan: Yes. Prince I Wind Farm; I believe it just came online, 99 megawatts. Prince II Wind Farm, scheduled to be online November of this year—again, wind—99 megawatts. Both of those are near Sault Ste. Marie.

Under construction and scheduled to come online, Trail Road landfill gas, January 2007, five megawatts.

Sithe Goreway, summer 2007, gas, 485 megawatts. Ripley Wind, October 2007, 76 megawatts. Leader Wind A-B, scheduled for 2007, 189 megawatts.

Now, these ones I'm going to have to double-check. They are approved—they are going through various aprovals: Greenfield South, scheduled for 2008, 280 megawatts. Umbata Falls, which is near Marathon, scheduled in-service date May 2008, 23 megawatts. Melancthon 2 wind farm, scheduled for June 2008, 132 megawatts. Sithe Goreway—

Mr. Yakabuski: Now, I asked you, is that under

construction, Melancthon 2?

Hon. Mr. Duncan: I believe it is, yes. Now it may have stopped as a result of the land claim and wind claim issues, but these have all been approved, contracts are signed. The first list—and they are all at various stages. Portlands Energy Centre, 330 megawatts. That's in Toronto. Did I say Sithe Goreway?

Mr. Yakabuski: Yes.

Hon. Mr. Duncan: Brampton—no, no, this is another Sithe, 375 megawatts. That's in Brampton. Kingsbridge Wind, 159. That's in Goderich. Kruger Energy, 101 megawatts. That's Port Alma. Island Falls hydro, 20 megawatts. That's in Smooth Rock Falls. Wolfe Island Wind, 198 megawatts. That is near Kingston. Greenfield Energy Centre is now under construction, 1,005 megawatts, Sarnia-Lambton. St. Clair Power, late 2008, again Sarnia-Lambton.

In terms of 2009, as you know, the deal's been signed on Bruce A 1 and 2. That's nuclear, 1,500 megawatts. The Niagara tunnel project, which is under construction now, as you know, is scheduled to come online in 2009, 200 megawatts. And then the incremental Portlands Energy Centre of 220 megawatts is scheduled to come online in 2009.

Now, there are a number of other incremental projects that are still scheduled to come online where contracts have been signed and other offers are out. The amount I've given you so far is 6,893 megawatts, and the grand total, with an additional 3,100—I'll give you some examples of those. We will be announcing very shortly a number of conservation demand management successful proponents.

Demand response proponents: There's a call for proposals out now. You'll know—

Mr. Yakabuski: Minister, I just wanted the ones that are under construction. We might get to the other ones later, but I don't have much time left in this—

Hon. Mr. Duncan: Okay. Well, then, I've got some more. You attended the press conference with Toronto; the downtown Toronto conservation initiatives, 330 megawatts. Those are the ones that are up and going. Oh, and the cogeneration ones, another 1,000 megawatts—

**Mr. Yakabuski:** Can I just ask a couple of specific questions on some specific ones? The Greenfield in Sarnia, 1,005 megawatts: At what stage of completion

are we there?

Hon. Mr. Duncan: We're beginning construction. As you know, there were lawsuits that have now been withdrawn. I believe all the permits are in place and the site's been cleared. I believe the initial foundations have been started—

Mr. Yakabuski: Well, we turned some dirt over there-

Mr. Rick Jennings: They are under construction.

**Hon. Mr. Duncan:** They're under construction—that was your question—as I indicated earlier, with a scheduled in-service date of October 2008.

The Chair: Could we get one more quick question and then that time—

Mr. Yakabuski: How much time have I got?

The Chair: You're actually just caught up to it right now.

Mr. Yakabuski: So do I have a question or not?

The Chair: You really don't have any time, but the minister went on a while and I was going to allow you a little more time then just for that.

Mr. Yakabuski: I'd need more than a minute.

**The Chair:** Okay. That's good. Now we'll go over to the third party. Mr. Hampton.

Mr. Howard Hampton (Kenora–Rainy River): I want to again pick up where we left off last day. I think I put the question to you last day that one of the fairly large urban LDCs, in their submission to the Ontario Energy Board, pointed out that their experience was that it would cost \$350 per meter for the McGuinty meter concept. Their submission also pointed out that if they were to implement what they were doing in rural areas, they thought the cost would be \$375 per meter. It's your figure that there would need to be six million McGuinty meters. So just doing the math, I put to you that that comes to about \$2.25 billion, and I believe you, Minister, and your deputy said that that would be within the range. I think you said somewhere between \$1.6 billion and \$2.25 billion. No? Did I hear you wrong?

Hon. Mr. Duncan: First of all, we actually found the submission you were referencing. It's from London Hydro. It was dated December 2005. We've since spoken to Vinay Sharma, the VP at London Hydro, and I'd just like to relay to you what they have informed us.

"The numbers that Mr. Hampton used were from a presentation that London Hydro gave to the University of Western Ontario on December 1, 2005—the projected costs for smart metering for the city. London Hydro has informed me that the projected costs in this document are no longer correct. Since then, London Hydro has revised

and reduced its cost estimate by some \$10 million, due mainly to the fact that the costs of the meters have been coming down. Moreover, they believe the costs will continue to come down."

Your staffer, as I understand it, Ethan Phillips, went over there to try to get some speculating on the smart meter price. "Phillips asked point blank how much they thought the entire initiative would cost, and London Hydro surmised that it would be around \$1 billion. That's the same estimate as the Ontario Energy Board." I would want to put that on the record. "They, too, indicated that they believe the costs are coming down. The costs are completely in line with the OEB report, and nowhere"—and this is according to London Hydro—"near your calculation of \$2.25 billion." That amount, according to London Hydro, is not attributable to anyone other than yourself.

They also mention that your researcher was trying to entice them into criticizing the smart meter plan. London Hydro informs me that they told your researcher that smart metering is an essential tool that needs to be done, and if not now, then when? Officials at London Hydro were quite incensed that the information that they had provided in the December 1, 2005, document had been, in their words, "deliberately misrepresented."

We will be providing more information from London Hydro, setting the record straight. I'd asked you to provide me with the source. You did not do that. As I say, we've been able to track it down. In fact, we are going to be inviting them—and they see this as quite urgent—to get this misrepresentation of what they said out of the public domain. In fact, they're very supportive of the smart meter initiative.

So in terms of any of the numbers you've put forward, they're categorically wrong. I don't know where you get them from, but the people who authored the report you're quoting will have a lot more to say about the way those numbers have been massaged.

Mr. Hampton: The numbers come right out of the

OEB submission. We can argue about the-

Hon. Mr. Duncan: It was not an OEB submission, with all due respect. It was a presentation that was done before anything had even been talked about publicly before the OEB. The kinds of allegations that are made by London Hydro about your staff and your willingness to manipulate that information should be taken very seriously.

Mr. Hampton: I don't think anybody is manipulating information.

Hon. Mr. Duncan: You are. You wouldn't name your source. Why didn't you tell us who it was? You are putting out numbers that are patently false. The authors of the numbers are saying that, and now you're laughing. You've been caught. Do you know what? It was just a bit of research we did because you wouldn't provide us with the information.

**Mr. Hampton:** Minister, at least we're able to produce some numbers.

**Hon. Mr. Duncan:** We have produced numbers. Your numbers are false. They're incorrect.

**Mr.** Hampton: We asked you a week ago for numbers, and you weren't able to produce anything. So we had to go out and find some.

**Hon. Mr. Duncan:** We produced what you produced, and we've got the accurate information from the author.

**The Chair:** Guys, come on. Let's get it under control here. Let's start with a fresh question here, please.

Mr. Hampton: We'll be happy to engage in this further.

**Hon. Mr. Duncan:** This time, I hope you use accurate numbers and don't misquote. Table it.

Mr. Hampton: In fact, we heard what London had to say, and when you do the numbers—

Hon. Mr. Duncan: Table the information. I urge the member to table it.

Mr. Hampton: We can do that.

**Hon. Mr. Duncan:** I'm tabling what we've got from London Hydro. We have it here.

Mr. David Zimmer (Willowdale): On a point of order, Mr. Chair: I think that if the minister is asked to react or respond to a set of figures or data or datum, whatever, that ought to be tabled so that we can all see it and have it in front of us and respond intelligently.

The Chair: Thank you, Mr. Zimmer. I'll let Mr. Hampton continue on with the line of questioning right

now, though.

**Mr. Hampton:** I've got the documents from London: meter hardware, \$29.5 million; meter installation, \$4.6 milion; communication meter-to-data warehouse, \$3.9 million; data management warehousing, \$4.3 million; another charge for \$6 million; program management, \$2.7 million; the total, from their calculations, is about \$50 million.

What I put to you was, in fact, less than that, because they told us that it might be a little less than that, but these are their best calculations.

Now, if you want to produce some other figures from London Hydro, I challenge you. All we've heard from you is more verbiage. If you've got figures to produce from London Hydro, then produce them, Minister.

Hon. Mr. Duncan: We do. I have them here.

Mr. Hampton: Good. Then produce them.

**Hon. Mr. Duncan:** Well, you haven't tabled yours. Let me just tell you what they said again.

Mr. Hampton: I'll be happy to table-

Hon. Mr. Duncan: You would not provide that.

**Mr. Hampton:** Chair, if somebody could photocopy these, I'd be happy to table them.

**Hon. Mr. Duncan:** The record will show that that information was not tabled yesterday.

Mr. Hampton: Let's see your document, Minister.
Hon. Mr. Duncan: I would say you've misled this committee.

Mr. Hampton: Let's see your document, Minister.

Hon. Mr. Duncan: You've misled the committee.

**Mr.** Hampton: You're raising charges. Let's see your document.

Hon. Mr. Duncan: You've misled the committee. We will be producing it. We're having them come up here, as

a matter of fact. It'll clarify the misleading statements you made. You've misinformed the entire Legislature.

**Mr. Hampton:** You come in here and say people are misinforming the committee, and I challenge you to produce the figures and you don't have any.

The Chair: Can we please get this under control? We don't need to be standing here arguing like little kids, for God's sake. Now, come on.

Minister, will you please respond to the last question. Then we'll go back to Mr. Hampton again.

Hon. Mr. Duncan: The leader of the third party misled this committee yesterday. We have evidence from London Hydro to counteract everything he said yesterday, and I believe it was a deliberate attempt to put false

information in the public purview.

I asked him yesterday to table who it was. He would not do that. I asked him to provide it to us. They refused to do that. So we were able to find out where it came from and interview the authors of the report. The member said that it had been a document with the OEB. It was not. The member said that there were costs associated with the smart-metering initiative attributed to this document that the authors say are wrong and that were overestimated at the time.

I'm simply trying to set the record straight. We will be having those folks come here to the Legislature to set the record straight, because that kind of misinformation should not be allowed to stay out there.

The Chair: Okay. Now to Mr. Hampton.

**Mr. Hampton:** So, Minister, I've produced some figures for you.

**Hon. Mr. Duncan:** No, you haven't. I haven't seen them.

Mr. Hampton: Well, you'll see them in a minute.

**Hon. Mr. Duncan:** Where? Show me. With respect, Mr. Chair, he has not produced the figures. It's just verbiage.

**The Chair:** I need to give Mr. Hampton a chance to explain himself. Mr. Hampton, can you proceed?

**Mr. Hampton:** The clerk's assistant will be bringing the document very quickly here.

Hon. Mr. Duncan: Well, I have it here, actually.

**Mr. Hampton:** This is what their calculation works out to: \$350 a meter. Do you have something which says it will be less than \$350 a meter?

**Hon. Mr. Duncan:** Yes. We have the OEB report.

**Mr. Hampton:** Can you table those? When is the OEB report from, again? When is that dated?

Ms. Rosalyn Lawrence: That was January 2005.

**Mr. Hampton:** So your figures are January 2005, and London Hydro's figures are December 2005. You're telling me your figures are more accurate?

**Hon. Mr. Duncan:** No. They're in agreement. They agree. London Hydro agrees with the OEB figure, and London Hydro is now saying that they were overestimating their costs.

Ms. Lawrence: What I have here is a presentation from London Hydro made to me and some of my staff on September 21, 2006. Obviously, since it was made to me,

I would have to ask their permission to table it with the committee, but their overall—

Mr. Hampton: I think if you're going to quote from it, you'll have to table it.

Hon. Mr. Duncan: You didn't.

**Mr. Hampton:** I have said all along I'd be happy to table the document, and I have.

Hon. Mr. Duncan: You're misleading the committee again.

The Chair: Can we not use the word "misleading"? I'm sorry.

Hon. Mr. Duncan: No. That's accurate. Then remove me. He's misleading the committee, Mr. Chair, with all due respect.

Ms. Lawrence: They have revised their project budget to approximately \$40 million, and there are probably several things that are worthy of noting for the record.

**Mr. Hampton:** So they must have a figure for meter hardware, then. What's that?

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**Ms. Lawrence:** We don't have the breakdown, but the system they are proposing is actually electricity and water, which adds a significant expense. They are currently in the process of preparing a request for a proposal for the meters.

When they were originally doing their project planning, they had themselves a pilot of seven smart meters in their service territory and had talked to other utilities that were launching small-scale pilots, and that's where they got their estimates of what was in the University of Western Ontario presentation: \$29.5 million. Their cost estimates also are based on the assumption that meter data management would be the utility's responsibility and not a centralized approach, which we have subsequently adopted.

Those are overestimated. They have indicated they will provide to the ministry as soon as possible a similar breakdown on the \$40 million, but I think, in terms of the significant cost variation, you would have to take into account the desire to do water as part of the multi-utility application of smart metering.

**Mr. Hampton:** I'm going to ask you this: If you're going to quote these figures, you must have a figure for meter hardware. Do you have a figure for meter hardware?

Ms. Lawrence: I have a figure of \$40 million in this presentation.

Mr. Hampton: No, I meant—

Ms. Lawrence: They haven't provided us with a breakdown. I've indicated that they aren't willing to share—

**Mr.** Hampton: Well, then, don't come here and tell this committee that I'm misinforming the committee if you don't have figures to substantiate your position.

Hon. Mr. Duncan: She didn't say that. I said that. Mr. Hampton: Well, don't you do it, then, Minister.

Hon. Mr. Duncan: You are misleading the committee. You didn't listen to what she said. It's a combined electricity and water meter. You cannot compare it to the cost of other meters.

My deputy minister provided you with a range of costs because they're going to be different across each LDC. In the case of the London one, where you refused to reveal whose numbers you were using yesterday and still refuse to table any documents, we've now revealed a September 2006 report estimating a total cost, and also indicate that the numbers you tried to use yesterday in fact reflected the point that it would be both an electricity and a water meter.

So, Deputy, the range of costs that you quoted yesterday, I think?

Mr. James Gillis: It's anywhere from \$40 at the extreme low end for a brand new meter up to \$500 for an industrial meter. The best estimate of the all-inclusive cost that we have so far comes from the OEB and it's \$250. It covers not only the meter hardware but also everything that would be involved in a smart metering system.

Mr. Hampton: Just to be clear: It would cover meter hardware, meter installation—

Mr. Gillis: The \$250—

**Mr. Hampton:** I've got to go through this: meter hardware, meter installation, meter-to-data-warehouse communication, data management, computer information system changes and program management; all of that would be covered within that figure, you're saying?

**Mr. Gillis:** The Ontario Energy Board estimated that the all-in cost for the province for four million meters would be \$1 billion. That equals \$250 per meter, average, across the province.

**Mr. Hampton:** Okay. I'm just asking you again to state categorically, does it include all of those costs that I just itemized?

**Mr. Gillis:** It's my understanding that it includes all of the costs that would be involved in implementing the smart metering program in Ontario.

Mr. Hampton: So let me come back and ask you some more questions. You say you have figures from London Hydro that it calculated an all-in cost of \$40 million. I want to be clear: Do you have a figure for meter hardware? Do you have a figure for meter installation? Yes or no?

Ms. Lawrence: No.

**Mr. Hampton:** Do you have a figure for meter-to-data-warehouse communication?

Ms. Lawrence: No.

**Mr. Hampton:** Do you have a figure for data management?

Ms. Lawrence: No.

**Mr. Hampton:** Do you have a figure for computer information system changes?

Ms. Lawrence: I think it's customer information systems.

Mr. Hampton: Okay.

Ms. Lawrence: No.

**Mr. Hampton:** Do you have a figure for program management?

Ms. Lawrence: No.

Mr. Hampton: You have none of those figures.

Ms. Lawrence: Not broken down.

**Hon. Mr. Duncan:** We have a total figure but not broken down like that, and we have it province-wide, and we have accurate figures.

Mr. Hampton: I'm just asking because these are all

important figures.

Hon. Mr. Duncan: And by the way, you haven't tabled the entire document that we have either, with respect. I see a little graph here. You have not included the whole document.

The Chair: Mr. Hampton, can you ask the question?
Mr. Hampton: Yes, we can deal with that later. But your figure—

Interjections.

**Hon. Mr. Duncan:** Let the record show that— **The Chair:** Could we have some order, please?

Hon. Mr. Duncan: —he's still refusing to table the document.

**Mr. Hampton:** Let's look at your figure, which you say is \$40 million. Let's do a quick division of households—

**Hon. Mr. Duncan:** With respect, Mr. Chair, that is the figure provided to us by London Hydro for their particular installation, water and electricity.

The Chair: I understand that. I think he's asking

Mr. Hampton: Let's use your figures for a minute.

Hon. Mr. Duncan: I just want to be careful. These are not our figures. The member quoted from a London Hydro document, and we have a more up-to-date document from London Hydro, dated September 2006, which with their permission we will table. That document includes an electricity and water meter. It's a combined meter. He keeps using this as our number; it's not. We had to find out where he was getting his information from. We did, with no assistance from him. We found out that the information he provided was (1) out of date, and (2) we now have other information from London Hydro that has more accurate numbers. My officials were very careful to say again that this is data from London Hydro.

The Chair: Okay. I think that's now on the record. Mr. Hampton has an opportunity now to continue his

questioning.

**Mr. Hampton:** I just want to use the figures that the ministry is now quoting: \$40 million divided by the 136,000 households gives us a cost of \$300 per meter.

**Hon. Mr. Duncan:** That's an electricity and water meter. It's not strictly an electricity meter. It is a highend technology. I think my deputy has given you a range of prices for meters of between \$50, at the bare minimum, up as high as \$500.

The Chair: Two more minutes left in this particular

**Mr. Hampton:** Let's work with the numbers that London Hydro has provided us with. It works out to \$300 a meter. Let's do again a quick calculation: six million—

Hon. Mr. Duncan: It's a combined hydro and water meter.

**Mr. Hampton:** Well, you can contest that, Minister. That's your privilege.

Hon. Mr. Duncan: No, that's a fact, Mr. Hampton. It's not being contested. They're not going with a straight electricity meter. You're misleading the committee by suggesting that \$300 cost is strictly for an electricity smart meter. This particular LDC has chosen to proceed with a combined electricity and water meter for, I suspect, a whole variety of reasons. It's not an electricity and water meter and it falls within the range of costs that both the OEB has provided to us in terms of potential total cost to the system and the cost per meter that my deputy has provided you with.

**Mr. Hampton:** Okay. If you want to insist it's combined water and electricity, that's fine.

**Hon. Mr. Duncan:** No, that's London Hydro. It's not me. You quoted them. You used their information.

**Mr. Hampton:** Then let London Hydro insist that and let you insist it as well. My point is, if we do some quick calculations, it's about \$1.8 billion for the province, based upon your estimate of six million meters.

**Hon. Mr. Duncan:** We said for four million. The OEB figure is for four million meters. Again, you're torquing the numbers, Mr. Hampton, and you're taking your—

Mr. Hampton: I asked you earlier—

Hon. Mr. Duncan: Let me set the record straight. To repeat what my deputy said to you, he said and the OEB report says that the cost to the province will be \$1 billion on the four million meter estimate. That's what was said in this committee. The record, Hansard, will reflect that. Do not try to put false information out there. It's completely unethical.

Mr. Hampton: Chair, maybe you can review this. I think I asked earlier—in my line of questioning, I said, "And the ministry agrees that their figure is six million meters," and I believe the minister and his official said "Yes."

Hon. Mr. Duncan: The minister volunteered in questions—not to you; to the official opposition—so that there'd be no—we're trying to put straight, accurate information out there, the best we can, that the OEB report was based on the four million existing meters. Our government believes that when the entire project is done across the province, with submetering and so on, there will be a total of six million meters. The estimates that were provided by the OEB were based on four million meters. The numbers that London is providing are, frankly, consistent, and London has now said that they are entirely consistent with the OEB's cost estimate, both on a global basis and on a per-meter basis. The London meter is slightly more expensive because it is a combined electricity and water meter.

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The Chair: It's now 4:20, and that's the end of Mr. Hampton's particular round. I want to ask you, from this point on—I prefer that you don't use the word "misleading." Whether you feel that way or not, I'd prefer that not to happen. If it continues, I'm going to adjourn

the meeting and we'll come back next week. With that being said, we now go to the—yes, Mr. Zimmer?

Mr. Zimmer: On a point of order, Chair: What position does that leave the members of the committee in if, as a matter of conscience, they feel an utterance, from whomever, is misleading? Are they not entitled to challenge that as misleading before they continue their questions? If they don't want to base their questions on what, from their point of view—

The Chair: Mr. Zimmer, I consider the word "misleading" to be unparliamentary, and I don't want that to

continue in this meeting.

Mr. Zimmer: What synonym could I use instead of "misleading"?

The Chair: You'll have to come up with that word yourself, and I'll determine that when you bring that word up in the committee.

Now I'm going to turn it over to the government members to see if they'd like to ask any questions for the next 20 minutes.

Mr. John Wilkinson (Perth-Middlesex): We don't have any questions at this time, but we don't cede our time.

The Chair: You will not cede your time? With that, I will now go over to—

Mr. Wilkinson: Mr. Yakabuski.

The Chair: Mr. Yakabuski is not here, but because yesterday the NDP stood down their time, I'll now go back to Mr. Hampton for the next 20 minutes.

Mr. Hampton: I accept your explanation that the OEB report is based upon four million meters. I also accept your statement, then, that in fact the new figure that the government is looking at because of submetering is now six million meters. If you take the OEB figure that was given and you factor in six million meters, I think we are now talking about \$1.5 billion. Is that correct, \$1.5 billion?

**Mr. Gillis:** I don't think it's a linear function. Some of the cost would remain as a fixed component and then you'd have a variable component in going from four million to six million.

Hon. Mr. Duncan: And you have to apply the same logic to the benefits that the OEB identified for four million meters to the benefits that would be applied to six million meters.

**Mr. Hampton:** So if you're saying it wouldn't be \$1.5 billion, what do you think it would be?

**Mr. Gillis:** As I've explained in the past, we're not really at liberty to discuss the component parts because there are ongoing RFPs for procurement of those different elements. Our expectation is that it would be something less than \$1.5 billion.

Mr. Hampton: If I use the London figure, it's \$1.8 billion. If I extrapolate from your OEB figure, it's \$1.5 billion. What you're saying is—

**Hon. Mr. Duncan:** The London figure has already been shown by London Hydro to be inaccurate.

**Mr. Hampton:** No, I'm using the London figure that you quoted.

Hon. Mr. Duncan: No, you are not. You are delibertely—

Mr. Hampton: I'm using the London figure that you quoted here of \$40 million.

**Hon. Mr. Duncan:** You are not using the information appropriately. Mr. Chair, I'm in your hands as to whether or not that's parliamentary.

The Chair: I'll go along with that.

Hon. Mr. Duncan: It is not being used appropriately. It is being used to not provide accurate numbers with respect to the cost, not only of individual smart meters but the cost of the system overall. I think it's important that we continue to point those things out.

**Mr. Hampton:** Okay, you can point that out. I'm simply asking, based upon the London figure you've provided, if you do the calculation, I think it works out to

\$1.8 billion.

**Mr. Gillis:** I think that London Hydro is proposing to spend \$40 million on metering infrastructure—

Mr. Hampton: That's right, and for now I accept your—

**Mr. Gillis:** —and some of it is related to water and some of it is related to electricity and—

Mr. Hampton: And I accept your explanation there too.

Mr. Gillis: Okay.

**Mr. Hampton:** I'm simply saying, if you do the math, it works out to about \$1.8 billion.

Mr. Gillis: I think that's where we would depart.

Hon. Mr. Duncan: That's were we would really part.

**Mr. Hampton:** I'm asking you if you have a more accurate figure, a better figure, and you're saying you have an expectation but you don't know. Right? Is that fair?

Mr. Gillis: That it would be less than \$1.5 billion.

**Mr. Hampton:** You have an expectation that it would be less but you don't know.

Mr. Gillis: Less than \$1.5 billion.

Mr. Hampton: Or in their case, less than \$1.8 billion.

Hon. Mr. Duncan: And there's no way that you could know it is more than \$1.5 billion because the proposals are still out there. It is the expectation that it will be below \$1.5 billion, depending on the results of the various RFPs.

**Mr. Hampton:** Now, the other figure that I quoted to you, because we did some research on this, is that the data processing entity and related costs to the data processing entity could cost more than \$1.25 billion. Do you think that figure is inaccurate?

Mr. Gillis: I think all indications are—we have from the OEB studies that were done, and the initial estimates provided were that that would more than encompass the total cost, including the meter hardware. So no, I don't think it's going to approximate \$1.25 billion.

**Mr. Hampton:** So what is your sense of the cost of the data processing entity and the related costs that go along with that in terms of the computer information

systems?

Mr. Gillis: There are a couple of things to bear in mind, the first of which is that it's easy, I guess in your mind, to picture something that's enormously complicated and sophisticated, but what will happen is that the meter will only need to read three data points per day for the five working days and then one, ultimately, for the weekend. So it would be 16 reads per week per customer. It's not the billion-type figure that you were talking about earlier on. Then from our perspective, releasing estimates while an RFP at the ISO is ongoing again is something that I don't think would be prudent at this stage.

Mr. Hampton: Sixteen reads per week per customer?

Mr. Gillis: Something like that, yes.

Hon. Mr. Duncan: Per meter.

**Mr. Hampton:** Per meter. So we're talking about six million meters, right?

Mr. Gillis: Well, it would be 800,000 at the end of 2007.

**Mr. Hampton:** Well, 96 million reads per week, just by using your figures.

Mr. Gillis: Yes, and a good example of how you can get to big numbers like that would be in the number of Internet sites hit by various web surfers that would be well in excess of that type of figure. It's not an uncommon number in the world of high technology.

Mr. Hampton: When we put this to folks and said, "You need the technology to be able to handle in total 90 million a week"—the figure we were using was 85 million a week—we were told that would take fairly sophisticated computer systems, fairly sophisticated information tech-

nology systems. Do you agree?

Hon. Mr. Duncan: If I may, Mr. Chair, I'd like to know where that information came from so we determine the veracity of the information. It's not consistent with what we've heard. I'll let the deputy take it, but we have no way of looking—we discovered, on the question of cost of meters, that the information that was provided was simply not accurate. It's difficult to respond to a number that, for all we know, is just taken right out of the air.

Mr. Hampton: I'm actually using your figures.

Hon. Mr. Duncan: No, you're not.

Mr. Hampton: Sixteen reads a week, six million meters—

Hon. Mr. Duncan: No, you're not. You're talking about information you had from other people a moment ago. Hansard will reflect that. Can I just confirm that? I'll get the blues—

Mr. Hampton: If it's not 16 reads a week, how many is it a week?

**Mr. Gillis:** It was an illustration of how many reads we would estimate there would be. It depends on the pricing regime. If the OEB comes out with a two-tier pricing regime, it could be smaller, for example.

I just want to make again a couple of points. The determination to centralize this in one place in the province was made rather than having 90 different billing systems that would need to accommodate it. As well, we'd have to point to other jurisdictions where they're billing

time of use and would have systems that would need to be much, much bigger than our own; for example, in California where they have 40 million people and some 20 million meters, and in Italy where they have even more than that. We're embarking on a slightly smaller program here than would already be in place in other jurisdictions. Again, I don't think our cost estimates would in any way, shape or form approach yours.

**Mr. Hampton:** Okay. Since you mention the California example, do you have the cost figures for California?

**Mr. Gillis:** For what they've implemented from a back-office perspective? No, we don't. On a stand-alone basis, no.

**Mr. Hampton:** Yet I think what I heard you say is that you used California's Pacific Gas and Electric as one of the bases for this concept. You told us that.

Hon. Mr. Duncan: Actually, I think we do have some—Ros?

Ms. Lawrence: This is just their recent rate order from the California Public Utilities Commission, so it is broken down at quite a level of detail in terms of cost. I apologize; I lost the line you were looking for. You're looking for the cost of what aspect of it?

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**Mr. Hampton:** The deputy was citing the number of customers in California, the number of meters. I think he referred to the number of operations.

**Mr. Gillis:** In relation to the technically challenging component of the question, yes. I'm just saying it's been done before.

**Mr. Hampton:** Since you know the number of operations and that sort of thing, since you studied the California system, then you must have some idea of the cost of that system.

Ms. Lawrence: They're projected costs as presented to the regulator through 2011. Their assumption is that the last meter is installed in 2011, is an overall cost of \$1.7 billion and present value of \$2.25 billion for their system.

Mr. Hampton: The \$2.25 billion for what?

**Ms. Lawrence:** The entire initiative at PG&E. **Hon. Mr. Duncan:** How many meters?

Ms. Lawrence: More than four million metres.

Mr. Hampton: It's four million meters?

Ms. Lawrence: More than. Hon. Mr. Duncan: Way more.

Mr. Hampton: How many more?

Mr. Gillis: Again, there's a problem in interpreting the data. It's Pacific Gas and Electric, and we're not sure—we'd have to take a quick look again at the background.

**Mr. Hampton:** Could I ask that this document be tabled? If people are going to cite from documents, I think there's some responsibility for them to table the document.

The Chair: I'd like as much information tabled as possible here, if we could, whatever document anyone has. If the ministry can table that, that would be fine.

**Ms. Lawrence:** We can certainly sever the PG&E regulatory summary and table it. We can have someone bring that over.

The Chair: I appreciate that.

Mr. Hampton: Why would you sever the regulatory

Ms. Lawrence: Because it's in a document that is my own document with notes on various projects. I just happen to have that in here.

Mr. Hampton: Do you have the original?
Ms. Lawrence: We do, but at the office.
Mr. Hampton: Can't you table the original?

Ms. Lawrence: Yes. Mr. Hampton: All right.

I guess that's the one estimate we have for a system that's up and running—\$1.7 billion for a total cost of \$2.25 billion.

**Hon. Mr. Duncan:** And we have an estimate from the OEB and we have a number of pilot projects going on in Ontario.

Mr. Gillis: I think we'd have to be careful about comparing California, which could have a certain number of features that would be prudent to install in California that may not transfer well into Ontario. The best estimate we have is for Ontario being \$1 billion, and that came from the OEB.

**Mr. Hampton:** That was a figure in January 2005?

Mr. Gillis: That's right.

**Mr. Hampton:** We're now almost into January 2007 in a couple of months.

Hon. Mr. Duncan: And we have proceeded with a number of pilot projects throughout the province, including Ottawa and a number of other places to see how these costs will work out. That's why we're doing pilot projects.

Mr. Hampton: Ms. Lawrence, you cited from the

California document. Does it break down-

**Ms. Lawrence:** Sorry. If I may just clarify and further to the deputy's point, the California system also accommodates gas, for example, which makes it an apple and an orange.

**Mr. Hampton:** Yes. You might be able to use it for gas as well. But one of the issues I've been asking about is, in the California example, do they use a centralized

data processing entity?

**Mr. Gillis:** I think their utility is as big as the province, so they would have one utility that would perform the function, whereas we have 90. That's why we combined ours in a back-office-type situation.

Mr. Hampton: So you believe they have a centralized

data processing entity?

**Mr. Gillis:** I don't know for sure if it's exactly the same as what we're planning, but they would have a similar or greater number of customers.

**Mr. Hampton:** Can you find out if it is a centralized data processing entity?

Mr. Gillis: For sure they would have a centralized data operation. Whether it's exactly the same as ours, I wouldn't know off the bat. We'll have to do some

research. They're actually not at liberty to tell us exactly what's in their data operations.

**Mr. Hampton:** Okay. Do you know what the cost of their centralized data processing entity was?

Mr. Gillis: I think another important feature there is that we're not sure what their billing system originally looked like and what they need to migrate to, so again, it's a different feature. I'm just trying to preach some caution in comparing systems that would naturally be a lot different.

**Mr. Hampton:** But we need to have something to look at, because I've been asking you for three days, and for three days you have not produced much in the way of information.

**Mr.** Gillis: I think we tabled the OEB report, which is the basis for the whole program.

**Mr. Hampton:** And I think we also recognize that the OEB report is almost two years old now.

**Hon. Mr. Duncan:** And we believe that the costs are actually lower than in the OEB report. We are doing pilot projects now to do test the veracity of the OEB report, and we are moving forward prudently.

**Mr. Hampton:** I just want to ask the deputy again: Can you provide us with the cost of establishing the

central data processing entity in California?

Ms. Lawrence: We can follow up and provide you with a description of their data management system, and certainly an approximate cost as shared with their regulator—that would be publicly available as well.

Mr. Gillis: We can ask them for a description of their system. I don't think it's reasonable to expect that they

necessarily have to provide that.

Mr. Hampton: Can you ask them what it would cost?

Mr. Gillis: Sure.

**Mr. Hampton:** Okay. I want to go on to some other issues. Do you have any idea what the ongoing operating costs are for California—their system? In other words, do you know what their annual operating costs are?

Mr. Gillis: On a monthly basis?

Mr. Hampton: A monthly basis, an annual basis.

Mr. Gillis: Just the people costs of operating the system and the software upgrades you would need to make in any one year? We can ask for that as well. Again, they don't necessarily have to provide that information to us. If it's in the regulatory documents, we'll certainly work to get that.

**Mr. Hampton:** Do you have any estimates of what the operating costs of the McGuinty concept would be in the province of Ontario?

Mr. Gillis: The ongoing operating—

**Mr. Hampton:** The operating cost: monthly, annually, whatever.

**Mr. Gillis:** Again, we're in the midst of an RFP for what is probably 65%, or even more, of what the operating costs on an ongoing basis might be, so we'll have better information coming out of that RFP.

What we're comparing is a meter system in which someone will walk around and write down on a piece of paper exactly how much has been consumed, versus doing it with a technology basis behind it, and we don't have the second suite of information. I can tell you how much it costs to have the guys walk around, and we think it will be less costly to do it remotely.

Hon. Mr. Duncan: Can I just read from page 25 of a document we tabled, in terms of smart metering cost? This is, again, an OEB document. It's that original document: "The capital cost of installing smart meters for all customers in the province is estimated at \$1 billion. Based on cost estimates prepared by working groups for the basic smart meter system being proposed, the incremental monthly cost for a typical residential customer may be between \$3 and \$4 a month once full implementation is complete in 2010. Because costs will be spread among all customers in a class from the outset of the project, the monthly charge will start low and increase to the \$3 to \$4 figure as more and more meters are deployed. For example, in year one of the project, much of the system changes and some of the common infrastructure may have been deployed but few of the actual meters, so a charge of \$0.30 to \$0.40 per month per customer would be sufficient to fund that part of the project." And it goes on.

They're estimating, once fully implemented, somewhere between \$3 and \$4 per customer.

Mr. Hampton: Per month.

Hon. Mr. Duncan: Yes, per month.

**Mr. Hampton:** Okay. Based upon that, you must have a sense of the overall annual operating costs.

**Mr. Gillis:** Again, we're in the midst of an RFP, and we'll have better information coming out of that RFP.

**Mr. Hampton:** Okay. I remember, the other day, that you quoted the dollar value of savings you expect from the McGuinty meter program.

**Mr. Gillis:** For four million meters.

**Mr. Hampton:** Do you want to go through again what you think it is?

**Mr.** Gillis: What the components of the cost savings are going to be? I can.

**Mr. Hampton:** Okay.

Mr. Gillis: We had a study completed. Just at a high level, there will be local distribution company savings and operating cost reductions. There will be energy cost savings, and that will be a societal benefit.

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Mr. Hampton: How much will they be?

Mr. Gillis: In our study, it came to just over \$400 million.

**Mr. Hampton:** So \$400 million for the LDCs? Those are the savings you predict?

**Mr.** Gillis: That's a third-party study that we had done.

**Mr. Hampton:** But do you stand by that?

Mr. Gillis: It's a Navigant study. It's a Navigant

**Mr. Hampton:** And that's \$400 million on an annual basis or—

Mr. Gillis: It's all present value. The capital outlay is made today, so we present-valued the savings in relation

to the capital expenditures, which would be made today. This is over the life of the system again.

Mr. Hampton: Okay. Go on.

Mr. Gillis: There will be \$360 million-plus in energy cost savings. Generation capacity avoidance—again, remember we're trying to avoid needing to build a new generating station to serve the 10 days a year when we hit peak. So generating capacity avoidance is \$635 million-plus, and then there are transmission and distribution expansion avoidance deferral savings. Since you distribute the energy you use more broadly over 24 hours a day instead of over eight or 16 hours a day, you need to build the system in a slightly different way. The savings associated with that would be \$170 million, for a total of \$1.575 billion, and that compares to the \$1-billion expenditure that we would need to make for the smart metering system overall.

**The Chair:** We've got time for one more quick question in this round, Mr. Hampton.

**Mr. Hampton:** Just so I'm clear, none of these are annualized. This is total ballpark—

Mr. Gillis: I can give you the OEB's estimate. They have a couple of points in their report that refer to how much you will save. So you'll make this \$4-a-month expenditure, and then they've estimated how much savings you'll receive in the year in which you make that expense. One of the things they thought would happen is that we would reduce the overall peak. In reducing the peak 2% to 5%, their view was that that could reduce energy prices at peak by more than half, and that ultimately—

**Mr. Hampton:** So that's the \$400 million savings?

Mr. Gillis: I'm just trying to put it in monthly terms for you. What they thought that would do is reduce bills across the province by some 2%, and 2% on a \$100 average bill is \$2 a month. They also recognized that there would be a 39-cent-per-month saving in your distribution bill. Those are the two components the OEB identified on a monthly basis as savings that would accrue to ratepayers across the province on average.

The Chair: That's the end of the 20 minutes for the

third party. We now go to the governing party.

**Mr. Wilkinson:** Mr. Chair, we don't have any questions of the minister at this time, but we don't cede our time.

The Chair: Okay. That puts us down to the last 40 minutes: 20 for the official opposition and 20 more for the third party. Mr. Yakabuski.

Mr. Yakabuski: Minister, I've got a few questions. One of them is on smart meters. You made the proclamation last week when we were here that everybody in this province, personal or commercial, will benefit from the use of a smart meter in this province; basically, they will profit by having a smart meter.

I'm going to draw you a little scenario here, probably appropriate on a day like today: A Chinese restaurant in a mall is open limited hours, and those hours run throughout the day. Lunch hour is the big time. Supper is not a big time; lunch hour is the time. I'm asking you how that

person can possibly benefit based on the cost of implementation of the meter, the cost of the monthly charges and the fact that all of their electricity will be purchased at peak time and they don't have a choice. They don't have a choice about when they're going to buy that electricity because the people who go through that mall and that restaurant demand that they be served food at that particular time. How can you guarantee that that entrepreneur, that Chinese small businessman is going to benefit by the implementation of your smart meter plan?

Hon. Mr. Duncan: If you have a look at the report of the Ontario Energy Board, you will see that in addition to—quite frankly, if a consumer doesn't take advantage of the ability to use the smart meter, they won't benefit, but there are also system benefits. Improved system efficiency will lead to lower bills overall.

Let me give you a couple of easy-to-understand scenarios. In Italy, where they've installed smart meters, the amount of theft by grow operations has been reduced. The amount of line loss—let me finish; I know you're chomping at the bit—is reduced. Those are all actually right on your bill. So if the system is more efficient, then peak costs should come down as well.

So there are two components: There is the direct component, that if you have the ability to manage your consumption more efficiently—which you don't right now—then you can. The second component that everybody benefits from is better system management, more system efficiency, and those costs ultimately pass down to the consumer. There's quite a bit on that in here.

Mr. Yakabuski: Everybody is going to benefit from system benefits.

Hon. Mr. Duncan: Everybody benefits, in our view, from that. If you manage your system better—if I consume less electricity because I'm able to on a day-to-day basis, the system has to require less peak power, we don't have to build as much, spend as much, we don't have as many wires—then you save money.

Mr. Yakabuski: With all due respect, Minister, if I could speak to the individual. The system part we understand. You've made that claim previously here. But it's cold comfort to that poor entrepreneur at the Chinese restaurant that everybody in the system, according to you, is benefiting. He needs to know specifically how he's going to benefit, and you cannot give us any undertaking that he, personally—what is OPG or Hydro One going to do, send him a Christmas card thanking him for the system benefits? This guy is barely making ends meet and you're telling me that he should be happy that the system is benefiting. He's not going to be in business with the peak rates of hydro, if that's the only time he can actually do business at his restaurant.

**Hon. Mr. Duncan:** Just to explain to you, electricity rates are based on system costs. If we install smart meters, system costs will come down; therefore, electricity rates will come down.

Mr. Yakabuski: So as soon as we get those people to eat at 3 in the morning, everything is going to be fine.

Hon. Mr. Duncan: No. Even the example you cited will save money.

Mr. Yakabuski: He will save money at his restau-

Hon. Mr. Duncan: He will save money, absolutely.

Mr. Yakabuski: Well, I'll tell you, I'll be coming back to see you about that one. And I'm sure he will be, and he won't have an egg roll with him.

Minister, the standard offer program—

Hon. Mr. Duncan: By the way, if I may, we do estimated billings now for guys like that. How does he benefit from that meter system? How do we know he's using that power? How do we know he's paying his fair share? We don't know that.

Mr. Yakabuski: I'm not-

Hon. Mr. Duncan: You've got to put it into its complete context.

Mr. Yakabuski: I'm running out of time. Hon. Mr. Duncan: Right now—sorry.

The Chair: Okay. Let's go, Mr. Yakabuski.

Mr. Yakabuski: Standard offer program: Renewables 1 and 2, as you said yesterday, 8.5 cents per kilowatt hour. Now we've got the standard offer program, which is 11 cents for wind, 42 cents for solar. The information I'm getting is that this was designed so that small, notfor-profit, community-based utilities or whatever could get into the system, because they simply couldn't compete with the big guys when there wasn't some sort of program, and they couldn't compete at 8.5 cents. However, there is no geographical restriction on the standard offer program. There is nothing to stop large producers from building, say, a 120-megawatt installation, breaking it up 12 times, metering it separately, but being on one tract of land. There is nothing in there to stop them from taking advantage of that and being paid 11 cents a kilowatt hour.

What's important here is that the people of the province of Ontario are going to be paying more for power because of the fact that you're paying more to get it. But when you don't have any provision in there to ensure that that can't be done, you are not protecting consumers. I'd like to know how—what—and it's already out.

Hon. Mr. Duncan: I don't know how you can draw that conclusion. The rules aren't out yet. That concern has been raised. Let me put it into another context for you, because I know you are sensitive to rural issues. I toured a farm in Bruce county where there was a group of 10 farmers who wanted to go in together. These were small farmers in essentially what I would call a cooperative. They would be prevented under the existing rules, because if they each had 10 megawatts—10 each; 100 megawatts—they would have to bid in under the RFP.

The final rules on that are not out there. You raise a very valid question about who can access the program, but in fact that's not the policy yet. That issue has been raised with myself and with others. Part of the challenge there is looking at the example I spoke of. Let's say we have 10 small farmers who each have a 10-megawatt wind proposal and they want to go in on it together to

help bring down their overhead costs. Is that a cooperative or is that a big energy venture? Those are the kinds of rules we're working on with the OPA now to finalize. We have met with the Ontario Federation of Agriculture. We've met with a number of other stakeholders. John Wilkinson has had me on countless farms and meeting with countless community organizations, as have other members, as we begin to finalize the rules associated with this.

You raise a very valid point. It is not in fact policy yet. We're working through that. I anticipate that those rules will be out at the beginning of November. But you raise a very valid concern.

Mr. Yakabuski: You announced this standard offer

program how long ago? A year ago?

Hon. Mr. Duncan: We announced we were doing it. We announced the formal program. We actually now have 400 applications before the Ontario Energy Board and we are now finalizing the rules. There's a whole range of rules that need to be looked at. For instance, in certain parts of the province there are going to be de facto restrictions on how many we can take because of transmission capacity, and that's a challenge for the program. In other parts of the province, there will be distribution issues. In any event, the final rules—and everybody who's participating in this knows this—will be coming out November 1. Queuing is a good example, whose power goes on first, that sort of thing.

Myself personally, in my capacity as minister, my staff, the Ontario Power Authority have been meeting with the community groups, the farmers and others who want to access the program and, to put it into parlance that I think I've heard you use, we're ready to rumble.

Mr. Yakabuski: I would never use those words.

That's that guy from Las Vegas.

Energy from waste, Minister: Do you support that? A

quick answer.

Hon. Mr. Duncan: It depends on the technology. For instance, prior to being elected to the Legislature, I was a member of our municipal council and in 1990, I toured about a dozen energy-from-waste facilities throughout North America. I've also toured facilities in Europe. Some of them I think are fascinating. I think some of them provide real opportunity. Others, if I might, including—there's an incinerator in downtown Detroit which has no technologies that reduce emissions. Personally, I think with the right technology, with the right emission reductions, it's something we all should look at.

**Mr. Yakabuski:** Would you consider the Wesleyville site?

Hon. Mr. Duncan: We have not considered that site at this point. There have been a number of requests there. There have been proposals for energy from waste, gasification. There are a number of corporate interests that have been out there. There's been some who think it would be a good site for nuclear development. We of course said there will be no new nuclear development other than on existing sites, but we have not formally—

Mr. Yakabuski: Ever?

**Hon. Mr. Duncan:** Well, we have said in the context of the IPSP, but we have not formally considered Wesleyville for an energy-from-waste facility. There have been no formal—

Mr. Yakabuski: What's your personal view on that?

Hon. Mr. Duncan: On using Wesleyville?

Mr. Yakabuski: Yes.

Hon. Mr. Duncan: Again, I'd have to look at any firm proposal. For instance, if you wanted to put the type of incinerator you have in downtown Detroit at Wesleyville, I wouldn't support it.

Mr. Yakabuski: I wouldn't either. I appreciate that.

Hon. Mr. Duncan: But if you were to-

Mr. Yakabuski: We're saying, use the best tech-

nology out there.

**Hon. Mr. Duncan:** Let me just say, though, part of environmental assessment is that you have to compare sites. Subject to a full environmental assessment and subject to it being determined that that is environmentally the best place, then sure, you would, but we don't know that about Wesleyville.

Mr. Yakabuski: Thank you. I—

**Hon. Mr. Duncan:** Let me finish, because it's difficult to answer a completely hypothetical situation.

Mr. Yakabuski: I said I'd like a short answer.

Hon. Mr. Duncan: That's just too easy.

Mr. Yakabuski: Okay.

**Hon. Mr. Duncan:** I don't think there is an easy answer to this.

Mr. Yakabuski: We'll pick this one up next year.

Hon. Mr. Duncan: I think the sooner you folks in the Tory party get over that, the better off you'll be in terms of your own policy.

I think the challenge is going to be what alternate uses

there would be for that site-

Mr. Yakabuski: Chair, I'm satisfied.

**Hon. Mr. Duncan:** —and formal proposals.

**The Chair:** Let's go to the next question. **Mr. Yakabuski:** I've got a 2007 return on investment preview: The Ugly Get Uglier and Is There Trouble Brewing in Ontario? It's produced by Karen Taylor of BMO Nesbitt Burns. She has a very dim view of the potential for capital investment in Ontario. One of her concerns is that the OEB is currently doing a cost of capital review, whereas LDCs currently have a rate of return, I believe, of 9%, and they're looking at bringing those numbers down significantly. LDCs are requiring billions of dollars of upgrades in Ontario over the next 10 years. Toronto Hydro, of course, would be the biggest one, with upgrades in huge numbers, well in excess of \$1 billion. How do we expect LDCs to be able to upgrade their infrastructure if they can't get the financing because the rate of return is not sufficient for lending institutions to justify that kind of investment?

Hon. Mr. Duncan: So you're advocating raising electricity rates?

Mr. Yakabuski: No, I'm asking you a question.

**Hon. Mr. Duncan:** You're implying that you want us to raise electricity rates to pay banks. Is that what you're advocating?

Mr. Yakabuski: No, I'm asking you a question, Minister.

**Hon. Mr. Duncan:** Well, I'm answering it. If you are saying that we should raise electricity rates to make a financial analyst at a bank happy, I won't do that. Let me tell you—

Mr. Yakabuski: Okay. I've got your answer.

Hon. Mr. Duncan: I haven't seen that particular report. I'd want to see it in its entirety before I comment on it.

Mr. Yakabuski: You just did comment on it.

Hon. Mr. Duncan: No, I commented on your assertion that-

**Mr. Yakabuski:** You said "in order to make a financial analyst happy."

Hon. Mr. Duncan: You just said that we should raise electricity rates—

Mr. Yakabuski: No. I did not say that.

Hon. Mr. Duncan: —to make profit for foreign companies.

Mr. Yakabuski: No, I did not say that.

Hon. Mr. Duncan: That's what I heard.

**The Chair:** Hold on again. Let's have a little order. Mr. Yakabuski, can you table that report?

Mr. Yakabuski: Yes.

**Hon. Mr. Duncan:** Let me just add, I have not had a chance to read that report.

The Chair: He'll table that.

**Hon. Mr. Duncan:** Can I finish my response in terms of the question?

The Chair: Okay. Let's have a quick response.

Hon. Mr. Duncan: I had the opportunity this spring, as finance minister, to travel to Boston, New York, London and Geneva. We sold out a \$1-billion bond issue in five minutes. In fact, one of the reasons the Canadian dollar is as strong as it is, among others, is the performance of our economy here in Ontario.

Again, I'm not familiar with that particular document or the context in which those comments were put, but I would submit that we have the most robust transmission and distribution system in North America. I would further conclude by saying that your federal counterparts two days ago released the final report on the analysis of the post-blackout response here and we were found to have done very well.

I believe we have outstanding infrastructure. I believe that it's profitable for local utilities and I believe that we can expect to see many years of further investment and capital being available to do that. That would be my take.

Deputy, did you have anything you wanted to add to

Mr. Gillis: That's okay.

The Chair: You're down to the final five minutes, Mr. Yakabuski.

Mr. Yakabuski: Your conservation announcement of \$400 million is not being put through the OEB. It's not rate-based. It is being administered by the OPA. Under the OEB, you've got to go to the OEB to get approval, and there are hearings, for your rate of return. Any rate-

of-return application has got to be part of your application, and that is something administered and determined by the OEB.

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What it looks like you've created, and it speaks to the whole situation here, is a second tier, if you want to call it that, a regulatory board in the OPA. It appears to me that you're creating buffers for the Ministry of Energy. Now you've got two energy regulators: the OPA, which is looking after the conservation part of it, and the OEB, which normally looks after the decisions about rates of return on investment and everything else.

**Hon. Mr. Duncan:** No. First of all, on the broader issue, the OPA is not a regulator, it's a system planner. I

will ask my assistant deputy-

Mr. Yakabuski: Then why are they determining

**Hon. Mr. Duncan:** They're not. My assistant deputy minister will explain how the interaction happens. I'll turn it over to Tony to do that.

**Mr. Yakabuski:** When there are two minutes left, whether they're talking or not, I would like to talk.

The Chair: Okay.

**Dr. Tony Rockingham:** My name's Dr. Tony Rockingham. I'm the assistant deputy minister in charge of conservation and strategic policy at the Ministry of Energy.

Perhaps I can give some background on the directive that the minister provided to the OPA. He has directed them to use up to \$400 million to assist the local distribution companies in delivering conservation. That's part of their mandate under the amendments that were made to the Electricity Act.

The funds that the OPA has access to do come from the ratepayers. They come from a charge that is called the global adjustment charge. The funds that the OPA will make available through contractual relationships with local distribution utilities can be reviewed by the Ontario Energy Board, which is the regulator for setting electricity rates in the province. We anticipate that the OPA will be working with local distribution utilities over the coming months to look at opportunities that LDCs or others identify, that there will be coordination and consultation to identify those opportunities, and that programs will be developed so that local distribution utilities can help consumers in conserving electricity. As I said, the money that's provided will come from the global adjustment fund, and therefore all of those funds will come from ratepayers.

The Chair: Thank you very much. Mr Yakabuski, you asked for the last two minutes, so you have two minutes left right now.

Mr. Yakabuski: Yesterday, I sat through a sanctimonious sermon on the part of the Minister of Energy, and the implication was that other people don't care about air or children in the province of Ontario. I wanted to comment on the manifestation of the duplicity of their position, when yesterday the Premier said that as long as it's coming out of the tailpipe of a car, a truck or a bus,

he doesn't really care about children and the air. He doesn't really care about childhood asthma, their lungs or anything else. He's worried about coal plants, but he couldn't care less if the health of Ontarians is being detrimentally affected by the emissions from cars, trucks, buses and so on in this province. I just want to put it on the record that it is quite reprehensible that they like to categorize the people who sit in other political parties as somehow feeling that the health of people in this province is dispensable. They've chastised the federal government for not having an emissions plan, and when they come out with one, the Premier basically says, "As long as it doesn't touch cars, because I don't care what comes out of the back of a car, truck, bus, diesel transport or anything else. I'm not worried about what it does to children in this province." That's what the Premier said.

You know what? I think they've got to take a real good look at their positioning and, secondly, maybe not be quite so quick to categorize those who don't see other issues the way they do and jump to categorize them as somehow being opposed to the health of children in this province. I think what your Premier said yesterday answers all the questions. Frankly, it's quite regrettable that that is how little value he places on the health of children in this province.

**Hon. Mr. Duncan:** May I respond to that, Mr. Chair? **Mr. Yakabuski:** I think our time's up, isn't it?

**Hon. Mr. Duncan:** No. In fact, I've been watching it. If I may respond, first of all, that's not what the Premier said.

First of all, I think it's important for the people of Ontario to know that the auto companies reduced emissions more than 80% from their vehicles over the last 20 years. I think the point the Premier was making was that the emission standards being applied to Ontario-based industries—that is, the auto industry—are much tougher than those being applied to the oil and gas industry in Alberta, where the most emissions come from.

I would suggest that Ontario MPPs ought to be thinking about why their federal counterparts are penalizing Ontario industry when, in fact, the biggest emitters are based in other provinces. We're simply looking for fairness, whether you're talking about the fiscal imbalance or the application of emission standards. I'm hoping that we can do that.

The Chair: That brings us to the end of Mr. Yakabuski's time. I know Mr. Hampton is on his way here. I'd like to take about a two-minute recess, and then we'll finish up with—

**Mr.** Wilkinson: If that's the case, I believe Mr. Zimmer has some questions.

**The Chair:** Okay. You've got lots of time available. Go ahead and ask the question.

**Mr. Zimmer:** I'm wondering, to the minister, if any thought has been given to in any way trying to make use of Tory windbags as a source of energy, or would that be dangerous to the environment?

The Chair: Are there any other questions from the—

Hon. Mr. Duncan: Again, I want to make sure that people understand the implications of making sure that we apply emission standards fairly, not only across provinces but across industries. When you look at what's happening in the oil and gas sector—even Peter Lougheed and Preston Manning have questioned the rate of development and the cost to the environment of proceeding on the tar sands the way the Alberta government has, and issues not only with respect to emissions and CO<sub>2</sub>, but also—my understanding is that it takes two barrels of water for every barrel of oil they get out of the tar sands.

So I think the issue isn't whether or not we have to do better on emissions—which we are—the issue is about how those emission standards are applied across industries and across jurisdictions in Canada. I don't think we should lose sight of that, and I think that members of the Ontario Legislature ought to stand up for Ontario. We ought to stand up for Ontario if we're talking about the fiscal imbalance. We ought to stand up for Ontario if we're being penalized unfairly, or if our industries are being penalized unfairly. It's a matter of balance. It's a matter of doing what's right for the broader economy.

**Mr. Wilkinson:** On a point of order, Mr. Chair: If the government's exhausted its questions and the opposition aren't here, why would we not go to a vote on estimates? Am I missing something?

The Chair: I just want to give Mr. Hampton the opportunity to use up his last 20 minutes.

**Mr. Wilkinson:** So would I, but with respect, I know Mr. Hampton is not speaking in the House, because his colleague is.

The Chair: I understand, but I gave the minister an opportunity yesterday to be away for an hour, and I'd like to extend some privileges to him as well. If he's not available in the next couple of minutes, we could just recess, and then we will—we'll take a five-minute recess.

**Mr. Wilkinson:** We don't intend to miss the vote today on the opposition motion.

The Chair: I understand. We'll have a quick vote at the end of the estimates for today as well. So give us five minutes.

The committee recessed from 1710 to 1714.

**The Chair:** The meeting is called back to order. Mr. Hampton has 20 minutes.

Mr. Hampton: My apologies, Chair. I was at another event downstairs in the dining room. I was asking, if I remember correctly, if you could produce the figures from California that you have cited from time to time. I'm going to ask again if you will inquire with California and produce those figures for us. I think you were reading from some documents earlier on, and if you can table those documents as well.

**Mr. Gillis:** We will ask for the information.

**Mr. Hampton:** I also wanted to ask some further questions on some issues that are of interest; I don't know if the deputy or the minister wants to respond to these. This may relate partially to questions that were asked earlier by Mr. Yakabuski. The first question is, has

construction begun on the 570-megawatt St. Clair gas plant?

Mr. Jennings: This is the Invenergy plant. It has not

yet started construction.

**Mr. Hampton:** When was that approved? Let me be more precise: When was that announced by the government?

Mr. Jennings: The contract would have been signed in April 2005.

**Mr. Hampton:** That's when the contract was signed, in April 2005?

Mr. Jennings: Yes.

Mr. Hampton: When was it announced?

**Mr. Jennings:** They were announced at the same time. It was part of the clean energy source request for proposals, the competitive process.

Mr. Hampton: Okay. I refer to it as the 570-mega-

watt St. Clair gas plant. You refer to it as the-

**Mr. Jennings:** Well, that was the name of the company, but the project name you quoted is correct. I was just referring to the company's name, Invenergy.

**Mr. Hampton:** So construction hasn't started?

**Mr. Jennings:** It has been challenged in terms of municipal approvals at the original site. They had to locate a new site.

Mr. Hampton: They had to locate a new site?

Mr. Jennings: Yes. It is still in the Sarnia area.

**Mr. Hampton:** Can you tell us why they had to locate a new site?

Mr. Jennings: There was a municipal hearing in terms of the zoning, and the municipal council turned down the request that they required for approvals. This was related to public meetings and various things.

**Mr. Hampton:** So do they have a new site now?

Mr. Jennings: They have a new site, yes.

**Mr. Hampton:** Has that been approved in terms of zoning?

Mr. Jennings: Yes, it is zoned for construction. My understanding is that they have to complete an environmental assessment that was related to their change of site, which they are in the process of doing. Basically, they have been delayed, because they were planning to go ahead at the initial site, but they had to change sites.

Mr. Hampton: And no environmental approval has

been obtained yet?

Mr. Jennings: No, but they are in the process.

**Mr. Hampton:** They're in the process of doing the environmental assessment.

Mr. Jennings: Yes.

**Mr. Hampton:** Do you have an estimate of how long that's going to take?

Mr. Jennings: We have an estimate in terms of the inservice date, that it would be before the end of 2008.

**Mr. Hampton:** Was that the original in-service date that was announced?

**Mr. Jennings:** They have been delayed, and there is a process in the contract which is now held by the Ontario Power Authority, so we would have to get the full details from them. They are managing the contract; it was

transferred to them. There are force majeure provisions related to delays and approvals, so everything they've done is within those terms.

**Mr.** Hampton: I'm asking you, do you know when the projected in-service date is now?

Mr. Jennings: Before the end of 2008.

Mr. Hampton: Wasn't that the original one?

Mr. Jennings: It would have been earlier, essentially, had they got their approvals, had there been no delay in the project. This has probably added 10 months to 12 months to the project, an effect of them having to get a new site for the project.

Mr. Hampton: Has it added cost to the project?

Mr. Jennings: Again, the Ontario Power Authority is directly managing the contracts now. They originally signed with the ministry, but they have been transferred to the power authority.

Mr. Hampton: Can you get that information for us?

**Mr. Jennings:** We can undertake to get that from the Ontario Power Authority.

**Mr.** Hampton: We'd like the scheduled in-service date and what costs have been added to the contract—actually what the expected cost of the contract is now.

I want to ask you about the 280-megawatt Greenfield South gas plant in Mississauga. What is the situation with that proposed project?

1720

Mr. Jennings: Again, the contract is with the Ontario Power Authority, so they would have the actual details. They are similarly in a municipal approvals situation with the city of Mississauga, and I believe that is fairly imminent. That's supposed to be ruled on in the next month or so.

Mr. Hampton: When was that announced?

**Mr. Jennings:** This was one of the contracts that was signed in April 2005.

**Mr. Hampton:** So along with the 570-megawatt St. Clair gas plant?

Mr. Jennings: Yes, that's correct.

**Mr. Hampton:** I call it the 280-megawatt Greenfield South gas plant. What do you call it?

Mr. Jennings: That's the correct name, yes.

**Mr. Hampton:** Okay. So that was announced in April 2005, but they have not begun construction yet.

**Mr. Jennings:** They have similarly had municipal approvals issues.

**Mr. Hampton:** And what were those?

Mr. Jennings: Basically, the city of Mississauga has an issue around zoning. The project was in an area that was zoned appropriately and the city has basically wanted to change the zoning. But this is obviously a municipal issue; it's not one we're directly involved in.

Mr. Hampton: Has there been an environmental

assessment for that project?

Mr. Jennings: They have gone through an environmental assessment and that was more completed—it's up to the director stage. They've gone through the public consultation and the various stages up to the approval of the director, the Ministry of the Environment. My under-

standing is that the final decision is in a sense pending the resolution of the municipal issue.

Mr. Hampton: The final environmental approval?

**Mr. Jennings:** They are waiting. Because the municipal approvals issue has come up, they don't have final approval until that's resolved. I believe that's with the Ontario Municipal Board.

**Mr. Hampton:** I wanted to ask some questions. Minister, you issued a directive that up to 1,000 megawatts of high-efficiency combined heat and power projects be built across Ontario, including industrial cogeneration projects and I think what you call district energy projects. I wanted an itemized list of those and the current status of those projects.

**Hon. Mr. Duncan:** Those have not be released yet and the contracts aren't signed, but that's imminent.

Mr. Jennings: Yes.

Mr. Hampton: So no contracts have been signed on that. And imminent means what?

Hon. Mr. Duncan: The next two weeks.

**Mr. Hampton:** Is that according to schedule or is that behind schedule?

Hon. Mr. Duncan: I don't think we laid out a time when we would announce the successful proponents, but I want to double-check that just to make sure. Do you have a recollection of that?

**Mr. Jennings:** It's on time with the current schedule. The original directive is from 2005, and they have been in considerable consultation with stakeholders on the process.

**Mr. Hampton:** Can you tell us the general nature of those projects, if they are combined heat and power? We're talking about industrial cogeneration. Are you looking at the chemical industry? Are you looking at the steel industry? Are you looking at the forest industry?

**Hon. Mr. Duncan:** We're not in a position to speak about those until the actual successful proponents are announced, and it will be within the next couple of weeks. All of the projects that will be announced are within the parameters of the call for proposals.

Mr. Hampton: So the determination hasn't been made yet about which projects will be recognized or

which ones will not be?

**Hon. Mr. Duncan:** No. The successful proponents have been identified, but I don't believe we've entered into contracts yet with the successful proponents.

Mr. Hampton: So there's not a contract concluded.

Hon. Mr. Duncan: Not yet.

**Mr. Hampton:** Do you know yet how many of these projects there will be?

**Mr. Gillis:** I know I sound like a broken record, but we ought to wait until contracts have successfully been signed and not speculate at this stage.

**Mr. Jennings:** These are managed by the Ontario Power Authority.

Hon. Mr. Duncan: I don't want to give you a number now in the event that, for some reason—let's say I tell you a number, either in terms of the number of proponents or the number of megawatts, and it turns out that

one or two of the agreements can't be executed; then I've put the wrong information on the record. At this point it wouldn't be prudent to speculate. Suffice it to say we anticipate an announcement within the next couple of weeks.

**Mr. Hampton:** Do you know what it will be? Will it be 1,000 megawatts? Will it be 900 megawatts?

**Hon. Mr. Duncan:** Again, I don't want to speculate on that number at this point. We set a target of 1,000 megawatts.

**Mr. Hampton:** A couple of other general questions before I go back over some of the other information. Do you plan any announcements regarding regional energy pricing or regional hydro rates in the near future?

**Hon. Mr. Duncan:** As has been indicated, the Premier last March in Thunder Bay indicated we would look at the issue. We are continuing to explore the issue, and those discussions are ongoing at cabinet.

Mr. Hampton: Can you tell us what options are being considered?

**Hon. Mr. Duncan:** No. It's a matter before cabinet. Once cabinet has made a decision, the government's position will be made clear.

**Mr. Hampton:** Can you tell us what rates or what prices are being considered?

Hon. Mr. Duncan: No.

**Mr. Hampton:** Will regional rates apply to all customers—residential, commercial, industrial—or just to some customers?

**Hon. Mr. Duncan:** These are matters that are being discussed by the cabinet at the moment and it wouldn't be appropriate to comment at this point in time.

Mr. Hampton: We discussed briefly the 570-megawatt St. Clair gas plant and the 280-megawatt Greenfield South gas plant in Mississauga. I think we would agree that those projects are not proceeding as announced, that they're not proceeding upon the timeline that was announced. What other projects that were announced are not proceeding according to the timeline that was announced?

Mr. Jennings: I mentioned that both of those projects arose from the April 2005 signing, which was a request for proposals for clean energy sources. There is the 1,005-megawatt Greenfield project, which is in Sarnia, and that one has Mitsui and Calpine for partners. That one is under construction and we are expecting that completion before the end of 2008.

**Mr. Hampton:** Is that the original date that was announced?

Mr. Jennings: It has been delayed. It has its environment assessment approval. That was challenged in court, and that court challenge has been withdrawn, so they have been under construction basically since the summer.

Hon. Mr. Duncan: I would like to point out that, in terms of megawatts of new supply that are coming on line, the government has always talked in the context of between now and 2010, therefore building in additional time over and above the delays that we've already seen experienced by some of these projects in terms of going

forward. So I want to be clear that throughout our discussions on all of these issues in terms of the total new megawatts coming on line, we've always talked in the context of 2010. Based on the in-service dates, we're now projecting late 2008 on these two projects. In the case of Greenfield, we have a date of October 2008; in the case of St. Clair power, it's late 2008. In terms of our system planning, in terms of what we need to have brought on in total, we've looked at it in the context of 2010. In order to take into account the potential for some of the kinds of delays we've seen in these projects, in terms of our wind projects—we've had unanticipated challenges in one or two of the projects that have delayed them, yet we believe and the ISO has confirmed that our energy supply is in good shape for the next 18 months. and that's the time frame in which they lay these things out.

1730

The Chair: Thank you, Minister. Mr. Hampton, you have about five minutes left in this session.

Mr. Hampton: Let me ask the question again. Are there other projects that were announced, where an original expected completion date was announced, that are now behind the completion date, or the expected completion date, that was originally announced? In other words, are there other projects that have fallen behind what was originally announced?

Mr. Jennings: Wind.

**Hon. Mr. Duncan:** The Melancthon 2 Wind. That's the one where there's now a First Nations land claim issue, as well as a wind issue. I think that's the only one, other than the ones we've identified.

Mr. Hampton: And that's located where?

Hon. Mr. Duncan: That's up near Shelburne.

Mr. Hampton: Okay. And how many-

**Mr. Jennings:** There have been wind or renewable contracts for over 1,300 megawatts. Some of those in the second RFP are still in EA approvals because of certain local challenges.

**Mr. Hampton:** I just wanted to ask you a couple of questions so we can agree on terms. Smart metering systems necessitate the deployment of AMR. I gather that is a technical term. What do you understand by the term AMR?

Ms. Lawrence: AMR is different from automated metering infrastructure. It typically is used as automated meter readings, which are different from the smart meter infrastructure and communication systems.

**Mr. Hampton:** Automated meter reading from advanced metering infrastructure or automated metering infrastructure?

**Ms. Lawrence:** The AMI, or automated meter infrastructure, is typically a more sophisticated system with a communications component. Automated meter reading is in fact what most of the jurisdictions in the US have done to date, and it's simply replacing the manual reads with a capacity to read the meters remotely.

**Mr. Hampton:** Again, in terms of what you're projecting, would you project the use of AMR or advanced metering infrastructure, and what's the difference, so I'm clear?

**Ms.** Lawrence: Automated meter reading is one functional opportunity for LDCs or utilities to get out of advanced meter infrastructure. The more sophisticated the system, the greater the functionality that's available.

Mr. Hampton: And the greater the cost?

Ms. Lawrence: I don't know that for a fact. We haven't costed out those utilities which are just doing AMR.

The Chair: We're down to a minute, Mr. Hampton.

Mr. Hampton: In terms of what you are looking at in the smart meter project and in terms of what the LDCs are looking at, I take it you're looking at the advanced metering infrastructure, as opposed to just automated meter reading?

Ms. Lawrence: That's correct.

**Mr. Hampton:** Do you have cost differentials as between automated meter reading and advanced metering infrastructure?

Ms. Lawrence: We can certainly look into the costs of automated meter reading as deployed in jurisdictions in the United States, and I think we have been clear about awaiting the response to the various procurements under way on automated meter infrastructure. I also think we've undertaken to look into the projected costs in California, which is also an AMI initiative.

**Mr. Hampton:** The reason I ask is because the cost of meter reading infrastructure, I am told, increases with the level of automation and the level of sophistication.

Hon. Mr. Duncan: So do the savings.

The Chair: Ladies and gentlemen, we're beyond our time now. I want to thank everyone for their patience at times.

**Hon. Mr. Duncan:** Chair, I want to thank you and the opposition again for yesterday. I was very grateful for that patience.

The Chair: Thank you for that.

Now there's time for some votes, if the governing party isn't using any more of its time.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): No, we'll stand down our time.

The Chair: Okay.

Shall vote 2901 carry? Carried.

Shall vote 2902 carry? Carried.

Shall the estimates of the Ministry of Energy carry? Carried.

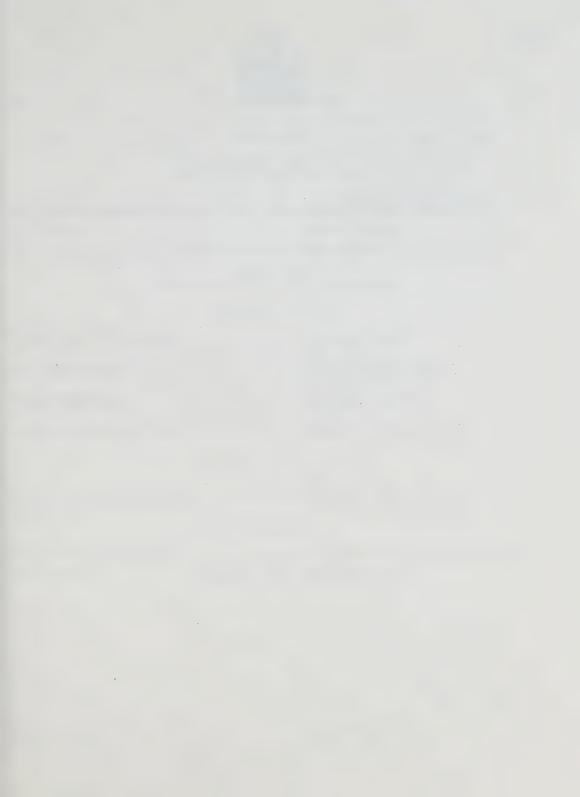
Shall I report the estimates of the Ministry of Energy to the House? I shall.

Thank you very much, everyone. The meeting is now adjourned. We'll meet back here next week right after routine proceedings on Tuesday afternoon for the Ministry of Municipal Affairs and Housing.

Thank you very much, Minister, for your time today, and the staff of the Ministry of Energy.

The meeting is adjourned.

The committee adjourned at 1738.



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# Official Report of Debates (Hansard)

Tuesday 10 October 2006

## Journal des débats (Hansard)

Mardi 10 octobre 2006

# Standing committee on estimates

Ministry of Municipal Affairs and Housing

Comité permanent des budgets des dépenses

Ministère des Affaires municipales et du Logement



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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Tuesday 10 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 10 octobre 2006

The committee met at 1548 in room 151.

#### ELECTION OF CHAIR

The Clerk of the Committee (Mr. Katch Koch): Good afternoon, honourable members. We have a vacancy in the Chair for this committee. It is my duty to call upon you to elect a Chair. Are there any nominations?

Mr. John Wilkinson (Perth-Middlesex): Mr. Clerk, I would move that the member for Erie-Lincoln be the Chair of the committee.

The Clerk of the Committee: Any further nominations? There being no further nominations, I declare the nominations closed and Mr. Hudak elected Chair of the committee.

The Chair (Mr. Tim Hudak): Let me first say thank you very much to my nominator, the MPP for Perth—Middlesex. I was in his riding for Thanksgiving. It's a beautiful part of the province of Ontario, probably the second most beautiful riding, if I had to choose. I had a nice time in Listowel.

Folks, thanks very much. We did have a motion in the House. Thanks for the nomination to take the Chair.

#### ELECTION OF VICE-CHAIR

The Chair: I am going to move to the first order of business, in the interest of time. I know the minister and his team are here. It's my duty to call upon you to elect a Vice-Chair. Are there any nominations for Vice-Chair? Mr. Delaney, please don't point. It doesn't show up in Hansard.

Mr. Bob Delaney (Mississauga West): It would be my pleasure to nominate the member for Simcoe North as the committee's Vice-Chair.

The Chair: Mr. Dunlop, the member for Simcoe North, has been nominated. Are there any further nominations?

Interiection.

The Chair: It is a debatable motion, as a matter of fact. You just wanted to give your ardent support for the Vice-Chair?

Any other nominations? Seeing none, it is closed. Congratulations to Mr. Dunlop.

Mr. Garfield Dunlop (Simcoe North): Thank you.
I'm back to where I was last week at this time.

#### APPOINTMENT OF SUBCOMMITTEE

**The Chair:** Are there any motions before we get to the estimates for municipal affairs and housing?

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr. Chairman, I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee; that the presence of all members of the subcommittee is necessary to constitute a meeting; that the subcommittee be composed of the following members: Mr. Hudak as Chair; Mr. Dunlop, Ms. Horwath and Mr. Wilkinson; and that substitution be permitted on subcommittee.

**The Chair:** So moved. Any comments or questions? All those in favour? Opposed, if any? It is carried. Mr. Arthurs, thank you very much.

My first order of business as the new Chair is to relinquish the chair to my very capable Vice-Chair, the handsome and talented Garfield Dunlop. I do apologize to members. The switch just happened in the assembly and I'm unable to participate in the meeting this afternoon. I will be back tomorrow, all right? It was a great pleasure to join you for five minutes today. Mr. Dunlop, the Vice-Chair, is going to assume the chair to conduct estimates for the Ministry of Municipal Affairs and Housing. Thank you very much.

#### MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

The Vice-Chair (Mr. Garfield Dunlop): We're here today for the consideration of the estimates of the Ministry of Municipal Affairs and Housing, for a total of six hours. We will commence with vote 1901. We will begin with a 30-minute statement by the minister, 30 minutes for the official opposition if they wish, and 30 minutes for the third party. Then the minister will have 30 minutes to reply. The remaining time will be apportioned equally amongst the three parties. Minister, welcome here today, and the floor is yours for the next 30 minutes, if you wish.

Hon. John Gerretsen (Minister of Municipal Affairs and Housing): Thank you very much, Mr. Vice-Chair, and congratulations to both you and the Chair on winning such an easy, easy election. It's always nice to see people acclaimed for office.

I'm very pleased to be with you today to discuss the estimates of the Ministry of Municipal Affairs and Housing. I believe we were here two years ago as well, and I hope, over the next 30 minutes or so, to be able to update you on some of the initiatives we've undertaken.

Before doing that, let me introduce some of the very capable and dedicated ministry people whom I have with me here today. They all work extremely hard in municipal affairs and housing; we are very thankful for that, because there's lots of work to be done. Sitting right next to me is Doug Barnes. He's the assistant deputy minister of the housing division. Next to him is Pam Skinner, the assistant deputy minister for the business management division, who joined us a couple of weeks ago, maybe a month ago. Sitting in the first row, we have Dana Richardson, the assistant deputy minister in the local government division. We also have Elizabeth McLaren here, who is the assistant deputy minister in the planning and development division and the municipal services division. We also have with us today Heather Wright, the director in the communications branch: Robert Balaban, the director of the controllership and financial planning branch; and Joanne Davies, who's the director in the legal branch. Yes, we do have some people still working in the ministry back at 777 Bay Street.

We're very excited about the business we're involved in at municipal affairs and housing. I see there are a number of individuals on your committee, on both sides of the aisle, who certainly are fully familiar with the local government function, having served in local government. It's one of the areas that our ministry is very much involved in.

Basically, we've made progress in a number of key areas, including:

—Continuing to strengthen this government's relationship with municipalities and supporting strong and accountable local governments.

—Developing a reformed land use planning system to support our government's goal of better managing growth, particularly in the GTA, but throughout Ontario.

—Fostering safer and more energy-efficient buildings through improved building regulations. I'll have more to say about that a little bit later on.

—Finally, implementing a housing strategy that supports a range of accommodations that meet the needs of Ontarians and better protect particularly our most vulnerable citizens.

Let me begin by updating you on our government's ongoing commitment to build an effective partnership with Ontario's municipalities. As you may know, this has been a priority for the Premier, for myself and for my cabinet and caucus colleagues as well. Our government's relationship with Ontario's municipalities has been characterized in recent years by consultation, significant investments, co-operation and joint achievements.

One recent example of this partnership at work is the provincial-municipal fiscal and service delivery review that the Premier announced in August at the Association of Municipalities of Ontario conference in Ottawa. I can

tell you that both AMO and the city of Toronto have accepted our government's invitation to participate in this wide-ranging review. We have begun the process of looking at how Ontario's communities can continue to prosper through better service delivery and improved infrastructure investment. Together with my colleague the Minister of Finance and the staff from our two ministries, I'm working alongside the municipal sector in a joint wide-ranging search for solutions—solutions that are workable, sustainable and affordable, not only from the municipal and provincial governments' viewpoint, but also from the viewpoint of all Ontarians.

Our final product will be a consensus-based report that will be released in the spring of 2008. Experience has shown that issues as large and complex as this one do take time, if they're going to be done right. When you consider that most bills take approximately a year to go through the various stages from concept to approval in principle to legislation, through the various hearing processes, through the House for at least two hearings, for both second and third reading, I can tell you that doing as massive a job as this fiscal and financial review in an 18-month time period is not too long, because we want to make sure we do it right.

The joint review will be broad in scope and recognizes that any outcomes should be affordable to both orders of government, sustainable over the long term and designed to provide high-quality service to everyone.

We will be jointly examining the challenges municipalities face in meeting their responsibilities in depth. The specific scope of this wide-ranging review will be set through discussions with our municipal partners but may include such issues as infrastructure, public health, emergency services, social services, housing and the special challenges faced by northern communities, rural communities and large urban centres. I can tell you that various tables are already in the process of being set up. The process has already started but will be in full swing once the municipal elections are concluded in November of this year.

Income and sales taxes are not on the table for this review. We are seeking flexible solutions that acknowledge the diversity of Ontario's municipalities—single and upper- and lower-tier—and acknowledge each area of the province: north, south, east, west, rural and urban. Any approach arrived at must provide for accountable governance. The roles and responsibilities of each order of government for the delivery and/or funding of a given service should be clear, to avoid duplication and overlap.

To the greatest extent possible, service delivery and fiscal arrangements should be straightforward, consistently applied and not complicated by ad hoc adjustments. The long-term solutions we develop should be sustainable for both the provincial and municipal governments and recognize the ability of both orders of government to manage financial risk. Any solutions we arrive at jointly should be fair and equitable for the province, for municipalities and, obviously, for our taxpayers. We must ensure delivery of high-quality services that respond to the needs of Ontarians.

Let me update the committee on an important piece of legislation that we believe will empower municipalities to make better decisions for their communities: Bill 130, the Municipal Statute Law Amendment Act, 2006. If this bill is passed, we will move to a more permissive model for municipalities, giving them broader powers and more flexibility to respond to the needs of their individual communities without the province in effect peering over their shoulders every step along the way, which is so often the case today. Municipalities will have more autonomy and authority than ever before.

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The bill, if passed, will not alter the general structure of the Municipal Act, 2001. However, it will require that the powers of a municipality under the Municipal Act, 2001, or any other act that grants powers to a municipality, be interpreted broadly, which is not the case today.

Bill 130 will provide broad permissive powers for municipalities to pass bylaws respecting a number of significant matters, including their governance structure, how they deal with accountability and transparency, how they enhance and support the economic, social and environmental well-being of their municipality, how they protect and promote the health, safety and well-being of the people within their municipality, and how they go about protecting the persons and property within the municipality, including consumer protection and business licensing. All of these powers will, if the bill is passed, be interpreted broadly. The existing division of powers between upper- and lower-tier municipalities will remain unchanged.

We are determined to work with our municipal partners for strong communities in Ontario. For example, our government has continued to strengthen our commitment under the memorandum of understanding to consult with the Association of Municipalities of Ontario on matters that may affect municipal budgets and planning. We now conduct meetings with AMO on a monthly basis, if not more often if required. At these consultations, cabinet ministers sit across the table from municipal leaders for in-depth and frank exchanges of views and ideas about proposed legislation, regulations and any other government initiatives and get their input and feedback.

We have also had extensive discussions with AMO and our other municipal partners regarding Bill 130. We received many thoughtful submissions from other parties, including the business community, all of which helped us to draft a bill that will truly help our municipal partners in delivering the services that help make the quality of life in Ontario second to none.

Another example of the new, mature relationship our government is creating with municipalities lies in the Stronger Toronto for a Stronger Ontario Act, which received royal assent in June. Toronto's continued economic prosperity is vital to the province and to the country. This legislation will help the city of Toronto thrive in the global marketplace. The city now has new

broad powers to pass bylaws regarding matters that range from public safety to the city's economic, social and environmental initiatives. The act represents a historic step forward in making the city more fiscally sustainable, autonomous and accountable. The legislation provides the city of Toronto with additional tools tailored to its particular needs. These are measures that the city has requested, or ones that recognize the unique challenges of Ontario's largest city. Our government is committed to maintaining the unique nature of Toronto and all of Ontario's urban and rural centres as our province grows, develops and builds.

Before I move on to other areas of the ministry's portfolio, I'd like to briefly mention one of the ministry's programs that, thankfully, we draw on very rarely: the Ontario disaster relief assistance program, or ODRAP, as it's more commonly known. It is designed to help alleviate the hardship suffered by municipalities, private property homeowners, farmers, small businesses and non-profit organizations after a natural disaster has destroyed essential property. In recent memory, ODRAP was used to support the residents of Peterborough to cope with the devastation that followed the severe flooding in the summer two years ago. Recovering from a natural disaster is never easy, and the ministry often remains involved in the recovery long after a disaster is over.

I'd now like to move from municipal matters to another of the ministry's major portfolios, and that deals with planning and building. Ontario's land use planning system plays a key role in shaping the way our province grows and develops. Our government understands that a better planning system will contribute to better development in our province. We also recognize that our economic prosperity and quality of life depend on managing growth in a coordinated and strategic fashion.

Late last year, we introduced Bill 51, the Planning and Conservation Land Statute Law Amendment Act, 2006, a critical part of our comprehensive plan to build strong, sustainable communities in Ontario. This proposed legislation will bring about an important change to the culture of land use planning in our province. It would contribute to our efforts to reduce urban sprawl, preserve valuable green space and protect our natural resources.

The planning reforms we have proposed in this bill have a number of key elements that would support better and more strategic development in our communities. The main highlights include the following: more tools to support efficient land use, compact form, intensification and sustainable, well-designed communities. It also includes clearer rules and a more effective planning process for the public, municipalities and everyone involved in planning our communities, and a more efficient and transparent Ontario Municipal Board process.

For more than two years, we've consulted with the public, municipalities and numerous stakeholders, including planners, developers, ratepayers, environmental groups and others, about how to improve the land use planning system and build more liveable communities.

In August, the standing committee on general government completed public hearings and clause-by-clause consideration and proposed amendments to Bill 51. As you know, on September 25, the Legislative Assembly ordered the bill for third reading, which has now, since that date, begun.

Next is the issue of brownfields. A key challenge that all communities deal with is finding ways to make the best use of available land. My ministry leads the government's coordinated approach to stimulating brownfield redevelopment.

Brownfield redevelopment is a critical part of building strong and healthy communities. And it's not just for cities. Brownfield redevelopment is as relevant to rural municipalities as it is to large urban centres. There are virtually endless possibilities for these lands that could revitalize neighbourhoods and communities, create jobs and housing and drive development in areas with existing infrastructure.

Our government has proposed stimulating brownfield development through increased flexibility in the use of community improvement plans. These are powerful tools that will give municipalities more access to financial tools to promote brownfield development.

As of today, 14 Ontario municipalities have already taken up this challenge. They have developed new community improvement plans to encourage brownfield redevelopment and facilitate future participation in the province's brownfields financial tax incentive program. Several other municipalities are currently developing new CIPs, and I commend them for their efforts to strengthen their communities.

Furthermore, Bill 130, if passed, will remove provincial crown liens if a municipality assumes ownership of property that has failed to be sold at a municipal tax sale. Further policy changes will allow for the removal of crown liens on brownfield properties at tax sale under certain conditions. This proposed legislation and related policy changes will be particularly useful in reducing the barriers to redevelopment of brownfield properties.

Bill 51, if passed, will allow upper-tier municipalities to participate in lower-tier community improvement grants or loan programs. This will increase lower-tier municipalities' abilities to stimulate brownfield redevelopment through financing programs.

Our ministry and this government are committed to continuing to find new and innovative ways of encouraging brownfield redevelopment. I must tell you that we appointed earlier on this year a brownfields coordinator, an individual who works with all the various ministries that are involved in drawing all the various issues relating to brownfields together, the main issues being financing issues, obviously, and secondly, liability issues. We are getting fairly close to building a consensus around that and coming to some conclusion that I think everyone will benefit from.

Next is the building code, 2006 version. This year, the ministry released the 2006 building code—I think it was a couple of months ago—to go into effect as of January 1 of next year. Ontario's new code has the toughest energy efficiency standards of any building code in the country.

It sets higher accessibility standards for people with disabilities and for the elderly, and supports Ontario's building industry by encouraging innovation in building design and products.

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Once the new code is fully in effect, over the course of eight years the code's increased energy efficiency requirements will save enough energy to serve 380,000 homes or enough to power the city of London. It will also reduce greenhouse gas emissions equal to 250,000 fewer cars on Ontario's roads.

The 2006 building code responds to builders' requests for flexibility. It has more than 700 technical changes. The new code is more consistent with the federal model codes wherever possible, given Ontario's policy priorities.

Written in an objective-based format, the code allows for innovation and flexibility on the parts of builders and manufacturers, potentially saving them time and money. I believe this is an extremely important issue since it will be objective-based rather than the inflexible code that currently exists.

The new code also sets higher accessibility standards to improve the mobility of people of all ages and abilities.

We held public information sessions across the province in August and September to introduce the objective-based format and to highlight the major changes in the new code. This was the first step in our government's plan to provide needed assistance and training to the building industry.

We've also established the Building Advisory Council to provide the ministry and myself with advice on issues related to implementation of the new code, and they are up and running right now. I've had at least a couple of meetings. It has a cross-section of individuals who are involved in the building industry, from designers to engineers to builders and all the other various individuals who utilize the building code.

Finally, I would like to provide you with an update on a number of initiatives in the third area of my ministry's portfolio, and that's housing: helping low-income families get affordable housing; ensuring housing for families where domestic violence has put them at risk; helping seniors remain in their home communities; helping people with disabilities gain independence; and helping those who struggle with homelessness find and keep a decent home.

Our government is committed to improving the availability, affordability and quality of housing across the province. We firmly believe that each person in this province has the right to safe, healthy and affordable shelter.

On August 31, 2005, just over a year ago, the governments of Ontario and Canada allocated \$402 million to municipalities as first-step funding under the 2005 Canada-Ontario affordable housing program. Our commitment is to fund 9,000 rental and supportive housing units, 1,500 northern housing units and 4,500 home ownership units. By the end of fiscal year 2005-06, the

program had achieved 4,780 units-well ahead of the target at that point of 3,250 units. The program continues on schedule now halfway through the 2006-07 fiscal year. To date, the program has already earmarked \$190 million to fund 128 projects, representing more than 6,500 units being built or completed.

We're involved in funding affordable housing projects, both large and small, from the major redevelopment involving hundreds of units in Regent Park here in downtown Toronto to the creation of 24 units in the town of Paris and 10 units in Huntsville. We've funded numerous projects in Waterloo, Peel and York regions and in Renfrew, Wellington and Nipissing counties. There are projects in Ottawa, Kingston, Peterborough, London and many other communities across the province.

Just a few weeks ago, we announced our latest investments in affordable housing under the affordable housing program. Almost \$90 million was allocated to create approximately 1,900 new affordable housing units

in 21 towns and cities across the province.

Projects like these are a major step forward in helping to ensure that the most vulnerable members of our society can live with the dignity and respect they deserve.

Rent reform: Our government's strategy for affordable housing also includes improving Ontario's rental housing system. The Residential Tenancies Act, 2006, which was passed by this Legislature in June, strikes a balance that is fair to both tenants and landlords. The new act provides better protection for tenants and landlords, ensuring fairer rent increases, and promotes investment in rental housing. It gives tenants more protection while keeping the rental housing market strong. It gives the landlord and tenant board, formerly the Ontario Rental Housing Tribunal, a new mandate that makes it more accessible and customer focused.

We also created a more transparent and stable annual rent increase guideline. The guideline will be based on the real cost indicator: the consumer price index. In August, my ministry released the province's rent increase guideline for 2007, which will be set at 2.6%, the thirdlowest guideline in the history of rent regulation in Ontario.

Another element of our housing strategy is the Ontario rent bank program, which helps tenants with short-term rent arrears, to allow them to stay in their homes rather than be forced into shelters during emergency situations. We founded this program two years ago with an initial allocation of \$10 million. This year, we provided an additional \$4 million, distributed among all municipalities in Ontario. I believe that at least close to 5,000 individuals and families have been helped through this program.

Finally, in the housing portfolio, I'd like to tell you about a new program that we recently launched: the Ontario mortgage and housing initiative. One of the primary goals of the affordable housing program is to have affordable housing built as quickly as possible and to get people into that housing as soon as possible. To help achieve that goal, we're establishing the Ontario mortgage and housing initiative. Our ministry is establishing a roster of qualified lenders that will provide competitive construction financing and long-term mortgages to developers of affordable housing. We are also establishing a roster of project facilitators to improve access to professional services and expertise in developing and managing affordable housing. As well, the ministry is currently developing an online resource centre. That centre will include educational materials about affordable housing and rosters of project facilitators and approved lenders.

Input gathered from deliberations between the ministry and members of the public, partners and stakeholders have been central to each of the policies that we've developed over the past year. These people know the issues. They live with them every day and we rely on their input at every stage of developing new policies. Together, we're setting the direction for the ministry and our province that will strengthen our communities and provide a better quality of life for everyone.

Once again, the Ministry of Municipal Affairs and Housing has achieved a great deal over the past year and we will continue to advance the government's priority of developing strong communities. We will continue to build on the progress we've made in strengthening the province's relationship with local governments and supporting their abilities to serve their residents.

We will continue working towards developing a landuse planning system that supports better growth management and well-planned communities, and we'll continue to implement our housing strategy that meets the full range of accommodation needs of Ontarians and better protects our most vulnerable citizens.

Thank you for giving me the opportunity to present this overview. I look forward to a fruitful and positive dialogue about the accounts and the estimates of the Ministry of Municipal Affairs and Housing.

The Vice-Chair: Thank you very much, Minister. We will now go to the official opposition. You have up to 30 minutes to respond to the minister's opening remarks.

Mr. Ernie Hardeman (Oxford): Thank you, Minister, for your rendition of your view of where the ministry has been going this past year and your accomplishments. I have to say that a great number of them I agree with. We thank you for that.

I do have some concerns. If I could take my time to go over them with you, maybe you could help me out with some answers to some of the questions. I'll go through them somewhat in the same vein as you presented them to us: the first one, of course, being the provincial municipal review that the Premier announced in August at the AMO conference. It's quite clear that there's a connection between the timing of that announcement, and when the final result of that announcement will be known to the general public. Of course, you and I will both know that that includes the time period of when we will have a provincial election, between this study being done and the study report being put forward. I was wondering, first of all, if you could ask the panel, when you appoint the panel, to give an interim report and make

that public so everyone will know, as we're getting there, what you're still looking at and what you're not looking at and where the study may go as it goes down the road, before it gets to a final report.

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Hon. Mr. Gerretsen: First of all, let me say it's not a panel that we're appointing. Whoever the municipal world wants to bring-and by that I mean AMO and the city of Toronto-is entirely up to them. It's the same thing on the government side. There will be individuals there from the Ministry of Finance and from my own Ministry of Municipal Affairs and Housing. The major difference, the way I understand it anyway, between this particular process and what may have happened in the past—and I'm thinking particularly of the Crombie commission—is that this will not be an independent report coming out of the process. This will be a consensus report, based on the facts as presented to the various tables of the committee. Once the tables report to the central, political committee, if I can put it that way, which will be made up of political individuals on the government's side and undoubtedly on AMO and the city of Toronto's side as well, it could very well be that an interim report is possible at some point in time. The discussions haven't gone that far, quite frankly; it will all depend on the wish of everyone who is there. There could be some interim steps taken along the way.

I'm not for a moment suggesting that the relationship between the municipal world and the province is going to remain static for the next 18 months. But it is not a report to government, as such, which quite often ends up being shelved or not being adhered to by government. That's not the way we see it at all; we see it as the kind of work that will be done in a number of different areas that I've already mentioned, such as housing, public health and some of the other areas as well, the way different programs are financed etc., and to actually determine who's in the best spot to deliver those services—is it the province, the provincial government?—and how should they be funded and who should fund them?

Mr. Hardeman: I don't disagree with that. Obviously, as you alluded to, a review was done some 10 years ago as to who should deliver the services and that there should be a connection between who pays for the services and who delivers the services, and what we presently have, of course, is what came out of that meeting. Times have changed, things have changed, so I agree that a review needs to be done. My concern is the length of time the review takes, because all the things you're referring to, in my opinion, are already there. On each individual service it has been studied to death; in fact, in every case both the provincial government and the municipal government agreed as to who was in the best position to deliver the service. The challenge is, how do we pay for the services? Which services should the province pay for and which services should stay on the municipal property tax?

I don't believe you were at private members' business a couple of weeks ago when I had the opportunity to put forward a resolution to the Legislature. I want to quickly reiterate what that resolution said: "That, in the opinion of the House, the proposed provincial-municipal fiscal and service delivery review, which will not be completed until February 2008, after the next provincial election, is needlessly drawn out and that a full review to balance the delivery of services with the ability to pay should be completed much more expediently, in order to avoid hitting Ontario taxpayers with unsustainable property tax hikes or significant reductions in service." That resolution was put forward. If you read your press release from when you announced this review at AMO, there is nothing in the resolution that changes anything except taking out the 18 months. It changed 18 months to doing it "expediently." I don't agree, but if it is true that it takes 18 months to do it properly, as you suggested in your remarks, then that would be doing it expediently. The word doesn't change anything, except that if the AMO partners that are going to come to the table to discuss this issue and the provincial government can come to a conclusion prior to 18 months, then you would do that. Yet your government instructed all the private members who were at private members' business to vote against the bill. Either that or they all have similar things, because no one else in the House voted against it, but the government members all did. As it turned out, there were not enough government members available to vote to stop the resolution from passing, so that is now the position of the Legislature: that you will be asked to report back expediently on this review.

Having said that that's the position of the Legislature, I ask why it is that after two months of announcing, we have heard nothing and the municipalities that I'm aware of, the ones I've talked to, have heard nothing about who is going to do the work and how it's going to be done. Maybe you could tell us how you've communicated that to people who are not sitting in Toronto at the AMO board of directors meeting but who in fact are out there providing these services for our municipal people and would like to be involved because they're the ones being hard hit by the changes that are not being made. The government, at least in my opinion, has said a number of times that they realize there's a real fiscal imbalance between the services municipalities are providing and their ability to raise taxes to cover those, yet we think we want to spend 18 months to check out what those services are as opposed to putting the money on the table. AMO says it's \$3 billion. If the provincial government says it's \$1 billion, why would we not move faster and provide them with the \$1 billion that you know they have coming, rather than forcing more and more seniors out of their homes because they can't afford to pay the municipal taxes it's going to take to pay those bills?

Hon. Mr. Gerretsen: You and I've been around a long time, Mr. Hardeman. You and I were on the AMO board back in the early 1980s when we talked about exactly these same issues 25 years ago. It has been talked about a number of times and no one has ever come up with a final conclusion. Even the Crombie report—it was

never followed by your government at the time, or at least significant portions of it were not followed.

Let me put it this way: We want to get it right. By the way, a significant amount of work has been done between the staff of AMO and whoever they get involved from the municipal world and our ministry and the Ministry of Finance in setting up the various tables that will be looking at some of these issues. It's my understanding that primarily the political element within AMO would prefer that the political meetings start after the November 13 elections. I'm only going by what I'm told in that regard. I don't know how quickly they move on it. But a significant amount of work has been done.

Obviously, finances are important, but I don't think it's as easy as you seem to suggest, that they should just throw some money at it and it goes away. I think a lot of these issues have been around for many, many years; it probably started 40 or 50 years ago when cost-share arrangements started in particular areas such as social services etc. In our opinion, it will take 18 months. AMO has signed on to that process and the city of Toronto has signed on to that process to come up with something definitive on this.

Mr. Hardeman: I appreciate that, Minister. I'm not suggesting that that isn't the right approach, but I think we've put the cart before the horse. You talked about how you're going to have a table of negotiators on behalf of the municipal sector and all the other people involved and that they and the ministry are going to get together, and that it's not a report but that we're going to come to a consensus. It seems kind of strange that that's not how you have been approaching the issue. You're not leaving it open to the municipalities to decide how long it should take. The president of AMO of the day said that the only thing wrong with your announcement was that we need to do it much quicker, because municipalities can't wait that long for a solution to this problem. This isn't just a shortfall in this year's budget. This is an ongoing problem. It keeps growing every year. We're in trouble from last year's budget; we're in even more trouble this year, and it's getting worse as we're going along. We need a solution quicker than that.

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Did you go to the municipalities and say, "How quickly do you think we can come to a solution?" or did you say, "By gosh, we've got to have an announcement for AMO, so we'd better announce something. We'll make sure that we announce something: that nothing more needs to be done until after the next provincial election."

**Hon. Mr. Gerretsen:** We would never approach it that way. We would never say, "Well, something has to be done; let's just announce something." That would be totally irresponsible.

Mr. Hardeman: Exactly. That's what I'm suggesting. Hon. Mr. Gerretsen: We put an awful lot of thought into it as a government. We felt this was the right way to go. It has been accepted by AMO and the city of Toronto that they want to be a part of this, active participants in it.

I don't think we should forget the fact that in a number of different areas, significant changes have already been made. For example, in public health we've uploaded the public health costs from 50% to where it's going to be up to 75% provincial cost fairly soon, with only 25% being borne by the local tax base. Just about every municipality that has transit is going to get gas tax funding and has been getting it for the last two years. A significant amount of money was announced the other day—\$75 million for rural municipalities—which, by the way, we're discussing with AMO, getting their input as to how that money should be allocated etc.

We want to do this in a very co-operative fashion, all of these different programs, because at the end of the day we realize full well that the residents of a local municipality are local ratepayers, taxpayers and residents, they're provincial ratepayers, taxpayers and residents and, obviously, Canadians taxpayers and residents. They're all the same people. We want to make sure they have the best service possible.

Mr. Hardeman: But Minister, if you've already made all those decisions as to what should go in—we needed extra funding for rural and northern municipalities; we needed to put the gas tax in transit—if you have the information on the delivery of services and where the province needs to put extra emphasis on putting more finances in to pay for them, why not look at the whole picture and give them the amount they require, as opposed to putting the main body of the discrepancy off till after the provincial election?

Hon. Mr. Gerretsen: Because in order to do it right, we need the time, regarding an awful lot of the downloading your government did on local municipalities in the area of social housing, social services—I could just go on and on. You know that a lot better than I do, because you were an associate minister in the ministry at the time, so you know what you did at that time as far as the downloading is concerned. It's going to take us time to work with the municipal world to find the solutions that are fair to everybody, and that's what the whole process is all about. It may very well be that there may be an interim report or maybe interim steps will already be taken, but it's way too early to guarantee that at this point.

Mr. Hardeman: I'd just like to know what public involvement there is in this process. It's one thing to say we're going to listen to the president of AMO and the folks, but that's not necessarily representative of the impacts of all the municipalities in the province and the different types of municipalities. You were quite clear in your comments that the solution has to fit all types of municipalities—the two-tiers, the single-tiers, the small municipalities, the large municipalities and so forth. How are you going to proceed in the process to make sure that the views of all those municipalities are heard and that the people of the province are heard?

**Hon. Mr. Gerretsen:** It's an open question as to whether or not there will be some sort of public engagement. This is obviously something that will have to be

determined by both the province and the municipal world that's involved. I'm not discarding that at this moment. I would rather leave that to the committee to work out, as to whether they feel public input is required. I would suggest it's probably a good thing to hear from the business community and various other communities out there as well. That may very well happen.

As for who represents AMO, that's for AMO to determine. I understand that they represent just about every municipality in the province, with the exception of the city of Toronto, and I believe Sarnia is no longer a member currently, and there may be one or two other small ones. They do so very effectively, through the various sections they have, from ROMA, which is the rural section, to OSUM, which is the small urban section, to the single-tier and counties and regional governments, I believe they're called. But who they appoint or how they get their membership on this committee is entirely up to AMO and the city of Toronto to determine.

Mr. Hardeman: I'm not so concerned about whether you think they are representative of municipalities. My concern is really, how does the public get involved in this process? A lot of people out there don't necessarily even believe that the municipalities support their interests. The question really is, will this be how the province gets out of any responsibility, by saying, "Wait a minute. This is the agreement we came up with with municipalities, with AMO, so don't look at us for any problems"? Of course, that won't have to happen until after the election, because you're not going to tell them anything until after the election. How does the public get involved?

**Hon. Mr. Gerretsen:** I'm not going to tell them anything. It's the committee that's going to come up with the report.

Mr. Hardeman: But not until after the election.

Hon. Mr. Gerretsen: The provincial and municipal committee is going to come up with the report. As I mentioned before, it could very well be that once they get together they will decide to hold public meetings of some sort or ask certain interest groups to make representations to them. But that's up to them at that point in time. We're not at that stage yet and I certainly wouldn't want to impose that on the committee. I think the municipal voice should have some say in that as well.

Mr. Hardeman: Thank you very much. Going back to the comment that AMO liked this approach, that they're happy now because you're going to set up this panel, I mentioned these in the House—

Hon. Mr. Gerretsen: Just a minute. I don't talk about people's happiness, you know. I'm saying that AMO has agreed to be part of this process. Whether or not they're happy or otherwise is for them to decide.

Mr. Hardeman: What you're really saying, then, is that this is what you told AMO you were going to do and it's the only game in town.

**Hon. Mr. Gerretsen:** No. I don't know whether they're happy or not. All I know is that we invited them to be part of the process and they have signed on to the process under a proposed terms of reference that I believe

they had some input into shaping, as did the city of Toronto. But I don't want to get into the subjective notion as to whether or not they're happy. I hope they are.

Mr. Hardeman: I want to go to the 18 months again. I mentioned this in the House so I guess it's appropriate to mention it here: "Municipalities association president Roger Anderson, the Durham regional chairman, said the 18-month review is longer than he would have preferred. 'We'll work very hard to shorten that period,' he said." Your announcement doesn't allow for shortening the period. The resolution you told the Liberal members not to vote for was intended to help Roger so that if they came up with a solution prior to the 18 months, they could actually settle it before 18 months and not wait for the results for 18 months.

Then he says, "The longer we wait, the more it will cost us in lost opportunity and investment in the core municipal responsibilities, such as transit, transportation, and essential water and waste water infrastructure." He's just pointing out that the problem isn't going away just because we're spending 18 months investigating it. He wants a solution sooner than that because you have to deal with these problems now, not 18 months from now.

There's another one here: "The report is due in 18 months—four months after the next provincial election." This isn't my quote. "The Premier is carefully handling a hot potato. Municipal politicians are hopping mad about the province shifting expensive services on to local property taxes. McGuinty's review is timed to cool the issue until after Ontario votes." This is in the Brantford Expositor. That's not in Oxford. I didn't tell them to write that, so I presume the local member must have contacted them and they decided they didn't think it required 18 months either.

The North Bay Nugget says, "The province doesn't need 18 months to study the problem. It's well documented already. What the province needs is a solution and one before the next provincial election...."

All these comments do not suggest that they don't think the review needs to be done, do not suggest that there isn't a discrepancy there, do not suggest that it doesn't need to be done thoroughly, but they all suggest that it doesn't need to take 18 months to do it. I just don't know why the government is so insistent in keeping it at 18 months, as opposed to trying to get it done expediently.

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Hon. Mr. Gerretsen: Well, I could counteract your quotes with all sorts of other quotes that my very competent staff has put together for me from all sorts of municipal leaders, but I don't think that really accomplishes anything. What I can say, though, is a comment that was made when your party was still in government, when AMO said that they were very disappointed by then Premier Eves's refusal to join the Association of Municipalities of Ontario to conduct an independent review of the state of municipal finances. Apparently, he said that on June 13, 2003.

Obviously, if the work can be done quicker, it will be done quicker, but we felt that 18 months was the appropriate period of time to do the job right. It's taken 25 years of discussions that have either taken place within the municipal world or within government, and we're now doing it together. It is certainly my hope and desire that at that time, we will be coming up with a solution that everyone can live with. I don't think we should ever underscore the fact as to what this government has already done to assist the municipal world out there, from gas tax to uploading of public health costs. I could go on and on, but I don't want to take you time away.

Mr. Hardeman: And I don't want you to hurt your shoulder.

I'm just wondering, as you decided to do this review, whether the ministry did any work on what you think the end result will be as it relates to the appropriateness of how many dollars it will take to solve the problem that exists. Obviously, you must have realized there's a problem or there's a challenge here. Have you got any idea or any municipal figures of how many dollars it's going to take to solve the problem?

**Hon. Mr. Gerretsen:** I would much rather do the study and come up with a more definitive number at that point in time. I don't know what the number is.

**Mr. Hardeman:** AMO says it's \$3 billion, and I'm sure that the ministry doesn't agree with that. Are you suggesting that you don't have any number at all, no idea what the problem is?

Hon. Mr. Gerretsen: Well, we know what the problem is. That's why we've set up this process to deal with the overall issue, which certainly the municipal world feels is out there. But no, I'd rather not deal with numbers. I'd rather just do the study first, and undoubtedly there will be a financial table set up as well to look at the various programs. At the end of the day, what may very well happen is that certain programs will be much better delivered by the province and certain programs may be much better delivered by the municipalities.

I think what's happened over the last 30 or 40 years is that each successive government has come up with new programs that were always put on some sort of a costshare basis; this goes back to the 1960s and 1970s. After a while, there's such a conglomeration of programs and cost-share arrangements out there, nobody can figure it out. With the system that you people had set up there, before OMPF was introduced, literally nobody could figure out the support that municipalities were entitled to. Even large municipalities had to hire major accounting firms and people who were specialized in municipal finance to find out what your grant program at that point in time, the community reinvestment fund, was all about. So the first step we took less than three years ago was to say, "Look, with the CRF program, nobody agrees as to how the numbers are arrived at. You've got to hire Philadelphia accountants, at huge expense, in order to figure it out," and we came up with a much simpler program, OMPF.

No matter what anybody says about OMPF, I think there's universal agreement that individual clerks and treasurers in municipalities can figure out what they are entitled to now, which they couldn't do before. At least, that's the way it has always been presented to me by communities large and small, which may not necessarily agree with the final program, but they will say it's at least a lot more transparent than the old program was. We think it's a lot fairer program too, plus the fact we've put about an extra \$150 million into it. When we started, I think it was in the range of about \$630 million per year. I think that the municipal world, as a whole, is better off in that particular grant program.

**Mr. Hardeman:** On the impact of not coming up with a solution until after the provincial election, have you got any idea what the average property tax increase was in

the province of Ontario last year?

Hon. Mr. Gerretsen: The average property tax increase? No.

**Mr. Hardeman:** Is there any way we can find that out? I'd like to know that, because I think that's rather important. Obviously, they're providing the services that the province is expecting them to provide, and it's important to know what the average increase was to cover the cost of these services.

Hon. Mr. Gerretsen: I know what you're saying. I'm not too sure whether the province expects municipalities necessarily to provide those services. It's the services that the residents of those municipalities want their individual municipality to provide at a given time. That, I think, is much clearer. Yes, obviously, we have certain standards in a number of different ministerial areas, not only Municipal Affairs and Housing, that we want municipalities to live up to. That's our overall mandate under the BNA Act or what have you. But we don't tell municipalities what they should charge by way of tax increases or decreases in any given year.

The Vice-Chair: One quick question, Mr. Hardeman. Mr. Hardeman: There's no record within the ministry of the average tax increase in the province on property tax?

Hon. Mr. Gerretsen: Not that I'm aware of.

Mr. Hardeman: Thank you.

The Vice-Chair: We'll now turn it over to the third

party. Mr. Prue, you have 30 minutes.

Mr. Michael Prue (Beaches–East York): Thank you so much. Going back through the speech you made here before us today, I'm going to ask in the same order. You said your government's relationship with Ontario municipalities has been characterized in recent years by consultation etc. You passed the Toronto bill, the Stronger City of Toronto for a Stronger Ontario Act, in June. In August in committee, some who are right in this room, you voted to revoke the provisions that allowed Toronto a say over their energy policy. Did you consult with them before you did that? You'd just passed it six weeks before.

**Hon. Mr. Gerretsen:** I can tell you that the provision that we passed in Bill 51 is very similar to the provision that was contained in the current Planning Act, and that's

basically that hydro projects are exempt from the planning process. Having said that, however, it is my understanding that in just about every case, if not in every case, the normal planning processes in a municipality are followed as a matter of course, even though the province doesn't have to do that when it's involved with a provincial enterprise.

But the bottom line is this: These projects go through an environmental assessment. You may recall that both Bill 51 and the current Planning Act always make it subject to an environmental assessment being done. We feel that in the case of energy projects, that's the way it is currently under the existing Planning Act and that's the way it should proceed under the new Planning Act as well, if we want to keep the lights on in this province. We simply cannot allow energy projects that have gone through an environmental assessment not to be proceeded with and thereby endanger the possibility of not having enough power to keep the province going.

Mr. Prue: I thought my question was a simple one. I'll ask it again. In June, you passed the Stronger Toronto for a Stronger Ontario Act. In August, you revoked the provisions. Can you tell me what happened in those six weeks after the passage of the bill that made you revoke those provisions found in sections 113 and 114 of the Toronto act? Why did you revoke them six weeks after you gave them?

Hon. Mr. Gerretsen: If you give me a minute, I just want to consult with my officials here. It's my understanding that consultations with the city of Toronto did not take place.

Mr. Prue: Okay, they did not take place. Then why did you revoke them six weeks after you gave them, after which there were extensive consultations? They were happy to receive them. Six weeks later, without consultation, you took them away. Why?

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Hon. Mr. Gerretsen: I think I gave you the answer before. We feel that there is sufficient protection in the current planning regime from an environmental assessment viewpoint, that a public process is involved in the environmental assessment process, and that the energy needs of this province—it's extremely important to keep the lights on.

Mr. Prue: Did it have anything to do with the city of Toronto opposing your government's plans for building a mega gas-fired plant on the waterfront?

Hon. Mr. Gerretsen: Not as far as I know.

Mr. Prue: So that had nothing to do with it, the retroactive provisions—

Hon. Mr. Gerretsen: Not as far as I know.

Mr. Prue: You went on to the consensus-based report. My colleague Mr. Hardeman has asked a great many questions on this, but I'd like to zero in on a couple of them. Does your government still have the Crombie report, Who Does What? Do you still have that report on file somewhere?

**Hon. Mr. Gerretsen:** Oh, I'm sure it's still around. I hope it hasn't been shredded, because I'm sure it was a valuable report.

**Mr. Prue:** AMO has written an extensive report documenting the \$3.2 billion of provincial download. Do you still have that report on file somewhere?

Hon. Mr. Gerretsen: Yes, we received the AMO report.

**Mr. Prue:** Yes. You've got the Golden report that predates that. Do you still have that one?

Hon. Mr. Gerretsen: Yes.

**Mr. Prue:** Okay. And you've still got all of the learned reports by people like Harry Kitchen and others from the university in Peterborough.

**Hon. Mr. Gerretsen:** I started working on a report with Harry Kitchen back in 1990, as a matter of fact.

Mr. Prue: Can you tell me, with all of these reports—

**Hon. Mr. Gerretsen:** But all of these reports are a little bit different, one from the other, you know. They don't exactly line up together.

**Mr. Prue:** But why does your government need 18 months to reinvent the wheel when you have all of these things on file?

Hon. Mr. Gerretsen: Because significant downloading, transferring of responsibilities—depending on what kind of terminology you want to use—was done by the last government. Whatever the situation was before, they made it a lot worse. Originally it was supposed to be an even transfer, then there was an acknowledgement that it wasn't, so the CRF funding was created. Since October 2003, we have been trying to deal with that.

You may recall that we had a \$5.4-billion deficit at that point in time, so obviously we couldn't deal with all those downloads as quickly as we may have wanted to, plus all the other requirements in government for health care, education and all the other services we operate, but we started to make some very serious attempts. The gas tax is a perfect example. This year, over \$200 million is being—what's the exact number on the gas tax? I've got it here somewhere. Here we go. In five years, we're going to provide the municipalities with \$1.4 billion, so it's an average of about \$300 million a year. It started off a little bit lower—I realize that—but it's boosting up right now. I think this October a full two cents is going to be implemented, sometime this month. We've got the Move Ontario fund. We've got the affordable housing fund. We put some money in rent banks, as I already mentioned, and \$150 million more in OMPF. There's COMRIF funding at \$298 million, the provincial share, over five years. There's land ambulance: \$300 million to bring it to a true 50-50 funding arrangement, when I believe in some cases the province was putting in less than 40%—not in every ambulance service across the province. It's going to take \$300 million over the next three years to bring it to true 50-50 funding.

We've started on it, Mr. Prue. Had we hoped to do better? Obviously. If we hadn't been left with a \$5.4-billion deficit, we'd be much further along—there's no question about it—but we're working on it. And what we want to do is something even better than that. We want to come up with a system that is much more transparent as

to which order of government is going to pay for what service. That's what the 18-month review is all about.

**Mr. Prue:** AMO has catalogued, I think quite correctly—I mean, I've asked the finance minister, who doesn't deny it—the \$3.2 billion. It relates, if my memory is correct, to \$1.2 billion for social services, \$800 million for social housing, and it goes down from that—land ambulance, health, child care—to make up the balance of the \$3.2 billion. Are they incorrect in that assessment?

Hon. Mr. Gerretsen: Social service cost-share arrangements with municipalities were in effect before I even got involved in local government, which was in 1972, when an awful lot of the programs were split on an 80-20 basis as well. Have those numbers been around for a long time? They sure have; in some cases for 35 years. Is that what AMO is spending on what they regard as provincial services? That may very well be. But the study may very well indicate that some of those servicesmaybe not the social service area but in some of the other areas—should be spent by municipalities or are the kinds of services they should be providing. I don't know what numbers they have included in their social service numbers, but if it's all the social service costs, then I can tell you, some of those costs have been cost-shared with municipalities going back to the late 1960s, early 1970s. To try to sort that out—I don't think 18 months is that unreasonable a time period at all.

Mr. Prue: You've listed here the things you want to talk about—the infrastructure, public health, emergency services, all those very things—but then there's the caveat, and I want to ask you about this. You're going to sit down and discuss it with them; however, and these are your exact words, "Income and sales taxes are not on the table for this review." So you sit down and you talk about everything except where the money is going to come from. So of what value is that to the municipality? "We don't pay all this money but we're not going to talk about how you're going to get it."

Hon. Mr. Gerretsen: I can tell you that the city of Toronto act doesn't provide for any income and sales taxes either, yet if you talk to the current mayor of the city of Toronto, David Miller, he's extremely happy with the city of Toronto act, not only because it gives them greater permissive powers but also because it gives them a number of different areas in which they can, if they so wish, try to obtain new revenues etc. I think the city did a study that indicated a certain number, which I've forgotten since then. But they realize that if they want to, there are some revenue sources there that are not related to income tax or sales tax. Will that come at some point in time in the future? Who know? Maybe five, 10 years from now that's possible, but income taxes and sales taxes are off the table right now.

Mr. Prue: But if they're not on the table over these 18 months of discussion, how fulsome can the discussion be? Obviously, they are \$3.2 billion in the hole, at least in their view. You're not denying that it could be true. They're going to sit down with you and discuss it; however, they're not going to be able to discuss where

the money comes from in the event you don't want to pay it. So how fulsome can the discussion possibly be?

Hon. Mr. Gerretsen: Look, an awful lot of services out there are cost-shared, which you know as well as I do. Perhaps some of these services should no longer be cost-shared, with, depending on what the services are, either the province paying the full shot or the municipalities. But I don't want to prejudge any of that, because the moment I put some ideas out there, I'm going to get accused by you or others—

Mr. Prue: Not by me.

Hon. Mr. Gerretsen: Just a minute now. You've already decided what you're going to do. I want this process to be as open as is humanly possible so that when these people sit down—the province's side, with finance and municipal affairs and housing, and the municipal side, both the city of Toronto and AMO—they can have a discussion, looking at how services have developed in this province over the last 40 years and what makes the most sense in terms of what is more oriented towards the property tax regime, which is basically what the municipalities depend on, and what is more oriented towards an income tax regime, basically the social and health care programs. But how that works out is up to them to decide. If we start directing that too much, we're just undermining the process, and I refuse to do that. I want them to have the full and open discussion, put all the facts on the table and then decide what the allocation should be as to who should be doing what.

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Mr. Prue: If we put all the facts on the table, you've already told us you don't want to do it for 18 months; you're not prepared—to my colleague Mr. Hardeman—to do it before the next election. Can you at least, so we know what the process is, so we're not blindsided 18 months from now, table the methodology for your joint review of municipal and provincial service delivery in Ontario? Tell us exactly what you're going to sit down and discuss, over what period of months, who you're going to be there with, what's on the table, what's not on the table. Can we at least see that, so we know the full discussion is going to take place?

Hon. Mr. Gerretsen: As I mentioned before, the specific scope of the wide-ranging review will be set through discussions with our municipal partners, and that's already happening currently. It will include things like infrastructure, which is a huge need for municipalities and a huge need for the province as well, public health, the emergency services out there, social services and housing, and then the special challenges that some other communities face, such as northern and rural and in some cases the large urban centres. We're really covering the waterfront with that kind of review, and those tables are being set up right now. But you want me to prejudge what they're going to come up with, when they should be having that kind of discussion.

**Mr. Prue:** No, I just want the methodology put out so we all know what's going to be discussed, they know what's going to be discussed, we know the time frames, we know when the report is going to be filed, we know if

there are any preliminary reports, when it goes to cabinet. We just want to know, and I think they want to know too, so that they know this is a real discussion and not a potential smokescreen, as some have suggested, to take you beyond the next election.

Hon. Mr. Gerretsen: I guess we'll just have to wait and see. I don't regard it as a smokescreen at all. I don't anticipate that there would be any documents going to cabinet while the review is still ongoing. It's a review that will be open to both the—the municipal world is going to be part of it and the province is going to be part of it, and the methodology that this committee is going to use is basically going to be up to them to decide.

Mr. Prue: You went on to say, on page 5—and I need to figure out how Bill 130 does this. You say Bill 130 "would provide broad permissive powers for municipalities to pass bylaws ... including their governance structure, how they deal with accountability and transparency." You have included two items in that bill that cause a great deal of public consternation. One is that there can be in camera hearings where it does not materially affect the outcome or the finality of a decision, and the second one is that you do not have to be present but can vote electronically by telephone from a beach in Acapulco or wherever. You said this is to enhance accountability and transparency. How do those two things enhance that? For the life of me, I can't think of how it does.

**Hon. Mr. Gerretsen:** Let me put it this way. We don't anticipate anybody voting in from Acapulco or some other such place.

Mr. Prue: Why not? It could be from Kathmandu.

Hon. Mr. Gerretsen: Secondly, it's an idea that's out there. It has obviously stimulated a lot of discussion. It's an idea that can be amended, changed. Municipalities have asked for this kind of thing in exactly the same way. You and I have been part of councils where at times a suggestion has been made that, if the council wants to have a retreat or an information session, maybe those sessions can be behind closed doors. This was a request that came to us from the municipal world. We've had some discussions with the Ombudsman on this issue. I've had those myself with him. We're looking at these, and obviously it's getting the kind of discussion in the general world out there, in the municipal world. I think it's healthy for the debate, and it may very well be that certain amendments may come forward, changes may be made.

**Mr. Prue:** But the statement is being made by you that you're doing this to help the municipalities deal with accountability and transparency. This is your bill; it's not their bill. They want it. Of course they want it.

Hon. Mr. Gerretsen: The accountability and transparency that we were talking about in that specific issue deals with the appointment of a local ombudsman to deal with situations that the Ombudsman deals with at the provincial level, possibly setting up an integrity commissioner and setting up—there already is an auditor. What is it? There's another one.

**Mr. Brad Duguid (Scarborough Centre):** Enhanced Auditor General powers.

Hon. Mr. Gerretsen: The enhanced powers of the Auditor General, right. Again, it's a permissive situation whether or not municipalities want to in effect appoint these officers, in exactly the same way that we have officers here of the Legislative Assembly that report to the assembly and not to the government as such. Those are the areas of greater accountability and transparency that we're giving municipalities, as currently structured in Bill 130—permissive powers to implement if they so want. Do the other two issues that you've mentioned—the electronic voting and the closed meetings—take something away from that? Well, we can discuss that, and we should put parameters around that, quite frankly.

Mr. Prue: You anticipated the next line on this same thing with the ombudsman. I can see cities like Toronto or Mississauga or Ottawa—some of the big ones with lots of money—being able to do this, but there's no way the 450 or so smaller municipalities in this province are going to be able to hire an ombudsman. I just don't see it. Your bill—because it's kind of silent on this—is going to make an awful lot more work for the Ombudsman in Ontario, is it not?

Hon. Mr. Gerretsen: The bill, as currently structured, would allow the provincial Ombudsman to get involved in the closed-meeting situation. I've had discussions with him about that as well, and amendments may very well be coming forward with respect to that.

Mr. Prue: So you anticipate amendments on that too? Hon. Mr. Gerretsen: Yes. We want to make it an open and transparent process. That's what it's all about.

Mr. Prue: You went on to talk about, again in the same order—Mr. Chair, I've got how much time?

The Vice-Chair: You have nine minutes of your first 30 minutes.

Mr. Prue: I get another 30, right?

The Vice-Chair: You've got nine minutes remaining of your first 30 minutes. The next time, you'll have 20 minutes.

**Mr. Prue:** In the nine minutes, I'm not going to get into housing. I've got too many questions on housing. I'm going to save that for the next day.

**Hon. Mr. Gerretsen:** That's a great program. We're very proud of that.

Mr. Prue: I'm sure of it, but not when I'm finished.

You said in the last election that municipalities needed to recover the full range of infrastructure costs associated with new development. It was one of the many promises that were made. Do you remember making statements to that effect?

**Hon. Mr. Gerretsen:** I didn't personally make them, but I believe the party made them as part of the party platform, yes.

Mr. Prue: To quote from your party platform, pages 19 and 20: "We will stop subsidizing sprawl....We will make sure developers absorb their fair share of the costs of new growth." You remember making those? But you've not introduced any Development Charges Act to

ensure that municipalities are able to recover this whole range. Can you tell me why not?

Hon. Mr. Gerretsen: Well, our mandate isn't quite over yet; we still have another year to go. So far, within our ministry, I believe we've passed 12 bills—12 bills that have been given third reading. Ten of them may be regarded as—I wouldn't say controversial—somewhat interesting to a lot of different people involved. We are extremely busy in our ministry, and undoubtedly we will be looking at the issues that you're talking about as well.

Mr. Prue: Again, this comes back to municipalities. If there's one issue that municipalities all share, it's that they simply don't have enough money for the demands that are made. I don't think there's a municipality that does in all of Ontario, save and except those that are undergoing huge growth. There's none of them that can exist on what they have. This would be a huge revenue source for them, and a justifiable one on the developers. You've done 10 bills. Why has this one not been one of the 10? I would have thought it would have been.

Hon. Mr. Gerretsen: Actually, AMO has certainly put it out as an issue that they want us to deal with. But you're right—it's mainly the fast-growing municipalities that have been contacting us at various times about these issues. I wouldn't say that every municipality in Ontario has been asking us for changes to the Development Charges Act, but it's something that, if it's in our platform, we're going to do at some point in time. I wouldn't want to put a time factor to it. We'll deal with it when we will.

**Mr. Prue:** You passed the greenbelt plan and lots of stuff. I voted for it. See, I'm not always negative.

Hon. Mr. Gerretsen: Yes, you and Ms. Churley—

Mr. Prue: Yes, we voted for it.

**Hon. Mr. Gerretsen:** —and one other member in your caucus, and the rest of the caucus voted against it.

Mr. Prue: That's okay. It's a free vote. We have that in our party.

**Hon. Mr. Gerretsen:** We have free votes too. Every vote is a free vote. Every one of our votes is a free vote, too.

**Mr. Prue:** I'm sure, yeah. I've never seen one. As long as it's unanimous.

Okay. There are significant amounts of lands left outside of the greenbelt plan that lie between the greenbelt's inner boundary and the current delegated settlement area boundaries, about 68,000 hectares. If my mathematics is right, that's about 150,000 acres. This has led, we think, to some massive land speculation and massive development proposals in Simcoe county.

The Vice-Chair introduced Bill 106. Are there any plans to look at that or to do something similar? Because the speculation on those lands—they're pretty vulnerable.

Hon. Mr. Gerretsen: First of all, let me tell you that our greenbelt plan is probably one of the most exciting things that I've been involved with in my entire public career. We protected something like 1.8 million acres of land. It was a fascinating process. I met with a lot of

planners and municipal councils along the way, both at the upper and lower tier.

We realized that there were an extensive number of acres left between the southern portion of the greenbelt and the urban areas of the GTA. Also, Simcoe county, other than Holland Marsh area, was not included. I'll talk about that in a second.

Places to Grow, which my colleague Minister Caplan has been involved in, forms an integral part of that, because that basically shows where the development and growth should take place over the next 25 years to house and give places of employment for the four million people we expect to come here over the next 25 years.

Is it possible that some of those areas, if they're outside the Places to Grow area, that are in what we used to call the "fuzzy peach" area, which is the number of acres—I'm not sure whether your numbers are correct, but I think we know the area we're talking about, south of the greenbelt. Could they be added to the greenbelt? We've always said right from the very beginning that this may very well happen at some point in time.

With respect to Simcoe county, I think the process we got involved in there about two years ago was a very exciting one. I remember getting together with the entire political leadership of all the various townships, as well as Barrie and Orillia. We got involved in an IGAP program that every municipality signed on to, as well as the county. The report was issued sometime, I believe, in Appendix

As we have said right from the very beginning to the warden and to the two mayors of the two cities and all of the other political leadership, we would like to see them develop a local solution based on the studies that the IGAP program was involved in—both the environmental study and the land use planning study.

We're waiting to hear back from Simcoe county. We truly believe that the cities of Barrie and Orillia should be part of that process. They are maybe not legally, but as far as we're concerned, an integral part of Simcoe county, and we look forward to hearing from them. I would imagine it will be sometime after the municipal elections, although originally when we talked to them at AMO in Ottawa, when the report was not as yet fully completed, we had hoped we'd have some word from them by this point in time as to how they'd want to proceed with it, but it may very well be after the municipal election. We want to see orderly growth in Simcoe county. We realize full well that that's going to be the next area where otherwise development may take place that may not be done in an orderly fashion. I have been extremely impressed with the political leadership in Simcoe county and within the two cities over the last two years that I've been involved. First of all, they all came together and realized the need for this, and second, to have taken the studyand obviously there are going to be different opinions about it, particularly now with the municipal elections going on, but hopefully the best ultimate solutions will come out of the process. It's an exciting process.

Will there be certain parts of Simcoe county that may then be added to the greenbelt, particularly along the southern area? That could very well happen. But again, we don't want to prejudge anything. The IGAP study, as far as I'm concerned, has been a success in the way it was developed and the overall study recommendations that came out of it. We would prefer a local solution. The political leadership has clearly indicated that they would prefer that as well.

The Vice-Chair: I think that rounds up your 30

minutes, Mr. Prue.

Minister, you now have up to 30 minutes to make further comments on what has been said to this point. If you don't wish to, we'll go right back to Mr. Hardeman and we'll start the 20 minutes.

Hon. Mr. Gerretsen: I don't have anything further to add, other than to say—no, I'll just leave it at that. I'm more than pleased to answer any questions that will come along the way.

The Vice-Chair: In that case, we'll go straight to Mr. Hardeman. You begin for 20 minutes and then we'll do

the full rotation at that point.

Mr. Hardeman: Minister, I want to go back again—and I don't want to spend a lot of further time on it; I think it's had both parties putting it forward—to the provincial-municipal review. Just a straightforward question: Do you not agree that the municipalities, without exception, believe that the discussion will be about social services not being a service to property and should not be on the municipal property tax?

Hon. Mr. Gerretsen: Do all municipalities believe that?

Mr. Hardeman: Yes.

**Hon. Mr. Gerretsen:** Without having surveyed them, you're probably correct, that all municipal councillors believe that—all the ones I've met over the years.

**Mr. Hardeman:** If that's the position, in your opinion, how are we going to come up with a consensus on what services should be provided by the municipality and what should be provided by the province, if the province is not prepared to take all social services off the property tax?

Hon. Mr. Gerretsen: I'm not sure whether your second statement is totally correct or even partially correct. I don't want to prejudge any of this. All I know is that social services to some extent have been part of the property tax roll on a cost-shared basis ever since I can remember. It probably started very innocently with some of the larger municipalities that may have had additional social problems. The province came along, with the largesse of Mr. Frost and Mr. Robarts and the governments that were in charge at the time, and said, "If we come out with this program, municipalities, so you have some sort of ownership, you should put some money in as well." All these programs, I'm positive, were extremely well intended at the time, but what's happened over the years—I suppose there's been such a proliferation of these programs that everybody realizes now that maybe we'll have to take a look at it.

Mr. Hardeman: My question is that in the news release that announced the review, it says, "The Mc-

Guinty government recognizes that any solution must be consistent with the fiscal plans of both the province and the municipal sector." How do we get to that at a table with representatives from both the municipal and the provincial sector if neither side is willing to see their costs go up? How do you get them to agree? If you're not getting a report, how do you know that at 18 months—I don't believe it should take 18—you can come out and say, "We have a package that everyone agrees with"? What do you base that conclusion on?

Hon. Mr. Gerretsen: I base it on the goodwill and the hard work and the determination of all the people involved, at both the local level and the provincial level, because at the end of the day we want the best possible services for the people who live in Ontario, individuals in this province who are residents of our individual communities.

I'm not even a tenth as pessimistic as you are about these issues. I'm positive that they will come up with—

**Mr. Hardeman:** Minister, I'm not being pessimistic; I'm just being realistic. I think the province should put some money on the table, as opposed to thinking we can talk our way out of this mess and not give them any more money.

Hon. Mr. Gerretsen: But we have. I've given you examples of where we've put money on the table: gas tax, Move Ontario—oh, I'm getting a whole list here—the rent bank, OMPF, COMRIF, land ambulance. If I look at this list very quickly and if my mental arithmetic holds up, there is about \$5 billion there over a five-year period. We also allowed the federal gas tax to be passed through to municipalities directly, and we were the first province to do that. No other province has done that. I've taken quite a bit of grief when I go to these provincial-territorial meetings. The other ministers say to me, "How could you possibly let that happen?" The answer's always been the same: We believe in our municipalities. If the federal government wants to give the money, we want to make sure that money gets to the municipalities.

**Mr. Hardeman:** I guess I'm not near as convinced as you are of what you stand for.

I was really taken aback, Minister, by the comments about the transparency and accountability issue as it relates to the proposal in the Municipal Act. In your remarks to the Municipal Act, it says that's what the bill is all about: to provide more transparency and accountability and more authority to municipalities to function as they should, because you believe they are a responsible order of government and so forth.

Hon. Mr. Gerretsen: You've been listening to my speeches, obviously.

Mr. Hardeman: Mr. Prue made this quite clear. How do you suggest that more closed meetings and different types of voting, under which you don't have to be at the meeting and don't have to have heard the discussion of the applicant but can vote by telephone when the vote really counts, so you don't have to have all the information to make the vote—it's not whether it's good

or bad, but how can a Minister of Municipal Affairs propose it, and then when the debate starts, say, "I don't really have a position on that. I just wanted to put that out for discussion." The bill is more than out there for discussion. The bill is the view of the minister who introduced it. It stands in your name. Why do you believe you need to put in that we need to have more closed meetings and then attribute that to transparency?

Hon. Mr. Gerretsen: I'm very glad you raised that point, because I wanted to make absolutely clear what I said about that. What I've said about any bill I've introduced—I've introduced 12 of them, and 10 of them have passed—is that if somebody has a better idea and a particular amendment, we're always open to amendments. It's the same thing with respect to this bill.

You talk about its being a closed meeting. We have put very definite parameters around it. Number one, a decision cannot be made or advanced at that time; in other words, it's strictly an information meeting, a strategy meeting or whatever. Number two, if there is any question about that, we have specifically given the Ombudsman the right to look into those issues. I've had a discussion with the Ombudsman about that. He would still like to see some further amendments and we're looking at that, because we want to have a bill that's as good as possible at the end of the day. It is certainly not the notion that you could just have a closed meeting at any time you want and that decisions can be made. We've put very specific parameters around that.

At the end of the day, I'm a realist. If it turns out that everybody in the municipal world says, "We really don't want that," we'll take it out. But that request came specifically from the municipal world, particularly from new councils, that felt that at times they want to get together to get a feel for the lay of the land, to get information etc. They don't want it to be out in the public as an open meeting. It was in those instances that we said, "As long as the decision-making process is not advanced at that meeting, under those circumstances and under the strict guidelines of oversight by the Ombudsman, you can have a meeting of this nature."

Mr. Hardeman: I don't want to dwell on it too long, but I would be shocked if any municipality would object to being given the ability to have more closed meetings. If we're waiting for the objection to come from the municipal councils, it's not coming.

Hon. Mr. Gerretsen: Well, maybe from other people. Mr. Hardeman: It's my taxpayers, the constituents, who want more involvement in the process, not less. They felt somewhat assured when you started your speech with, "This is all about more accountability and transparency," but it is totally in the opposite direction. Why it would even be there for discussion? To me it seems, and my constituents feel, that what it should have said is, "We are going to reduce the ability of going into in camera meetings." Then we could have the debate of whether you had gone too far in transparency. I can't see any justification or any connection between the words "transparency and accountability" and more closed meetings, period.

Hon. Mr. Gerretsen: Transparency and accountability dealt with the issue of being able to appoint officers similar to the officers of the assembly that we have here. I'm more than willing and prepared to talk about this section and other sections as well, but the basic thrust of the legislation has much more to do with the notion of giving municipalities permissive authority to make a lot of decisions that they currently don't have.

I'll tell you the process we used. We went to each ministry, about 15 of them, involved with municipal decisions and we clearly asked them, "What kinds of decisions do you make now for municipalities?" Then we asked the second question: "What is the provincial interest in being involved in that decision-making process?" If there wasn't a provincial interest, we said, "Then the municipality should be able to decide for themselves. The ministry should not be involved," that particular ministry in that particular situation.

That's how we came to a lot of the different powers and different authorities and autonomy that we talk about in the act. That is really the crux of the whole legislation: There are permissive authorities in there that a municipality can use if they want to. If they don't want to in particular areas, that's entirely up to them.

**Mr. Hardeman:** I support that part of the bill. As I said when I started earlier, I'm not opposed to all the things you've done. There are a lot of things I would agree with, and having the government step aside when they have no provincial interest makes a lot of sense.

But going back to the part of the bill—and I'm going to assume that, as a minister of the crown, before any debate started, you thought what you had in the bill was a good idea.

Hon. Mr. Gerretsen: Yes.

**Mr. Hardeman:** So I have to take from that that you think having more closed meetings of council away from the public eye is good.

Hon. Mr. Gerretsen: You keep talking about closed meetings in sort of a general sense, and I'm talking about closed meetings with having definite parameters about it. It doesn't advance the decision-making process, which I think is a rather important aspect of the kind of closed meeting that I am talking about. If no decisions are taken or if it doesn't advance the decision-making process, then having a closed meeting really shouldn't hurt the general public. But I can understand how people can take a different position.

Mr. Hardeman: Maybe we should be asking the legal branch or the drafters of the legislation, but having been a municipal politician for 14 years, I don't understand the difference between what you're saying—you have a nicer way of saying it—and what's presently a closed meeting. How do you decide what advances the decision-making? If you're having a discussion with council, it doesn't matter whether you're in the dungeon or whether you're sitting somewhere; if you're having a discussion, that is furthering the decision-making process, because everyone talking is trying to convince the other person to make a decision their way. That's what discussions are about.

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I don't understand why, in this legislation, not being allowed to vote on that decision, which is the only thing that furthers the decision—you can't vote in camera. Well, you never could on any other decision either. So I don't know what the difference is here. Decisions are all made in public in the end; up goes your hand.

But this says we're going to have more discussion behind closed doors so the public will not hear the viewpoints of individuals; we will only hear the end decision that comes out of that meeting while they're voting on it. I think that is not contributing to transparency, or accountability, for that matter. I think it is the wrong thing to do. I just wondered if you could explain to me why that is in there to start with. I can understand municipalities wanting it. I can even understand them coming to committee hearings and asking for that to be put in. But I can't understand putting it in and then expecting the public to come in and talk you out of leaving it in. I just don't understand the process. Maybe you could help me.

Hon. Mr. Gerretsen: I don't know what more I can add to what I've already said, other than to say that if there is a meeting of that nature, public notice has to be given and records must be kept of all those kinds of meetings. And it is subject to review by the Ombudsman as to whether or not all the various meeting rules have been complied with and have been followed.

Mr. Hardeman: Minister, you suggest that records have to be kept. Are you suggesting, then, that minutes—

**Hon. Mr. Gerretsen:** Yes, of what's being discussed in the closed meeting.

Mr. Hardeman: Just the topic of what's discussed, not the discussion.

Hon. Mr. Gerretsen: The actual discussion? Well, as you well know, there's no such thing as a Hansard recording at a local council meeting. I believe only decisions are usually recorded, not the discussions that take place before that decision. In this particular case it would be the issue that's being discussed, but not the actual discussions that took place.

**Mr. Hardeman:** So in fact council could now hold everything behind closed doors except the voting.

**Hon. Mr. Gerretsen:** No, no, no. It can only be done—where's the actual section?

The Vice-Chair: Mr. Hardeman, we're down to four minutes with your rotation.

**Hon. Mr. Gerretsen:** Maybe we can come back to that tomorrow or the next day. It's a very interesting aspect of the whole bill.

Mr. Hardeman: Quickly, while they're looking for that, Minister, in terms of the appointment of the people who are going to be involved with this, I would be interested to know how many groups or how many people we're thinking of putting around the table to come up with the final decision.

Hon. Mr. Gerretsen: It depends on how many tables are going to be formulated. I've set out the five areas, but if AMO and Toronto came up with other ideas, if they

felt an area wasn't covered by one of the tables, another table can be set up.

Mr. Hardeman: You mentioned that things had started, but we haven't yet heard anything about it—I hadn't heard a public announcement about who was going to be on it and what you were going to do. Is that going to be announced? Are we going to find out what's going on and how this table is moving along?

Hon. Mr. Gerretsen: Once we know who the AMO individuals are going to be, both from staff and from the elected side, I don't see any reason why an announcement couldn't be made as to who they are, and the same thing with the individuals from the province's side.

Mr. Hardeman: You mentioned that things are kind of going slow because of this municipal election—

Hon. Mr. Gerretsen: I never said things are going slow. You've been in our ministry; you were part of that. It may have been slow in those days, but we're busy at work all the time.

**Mr. Hardeman:** No, but you suggested that things haven't proceeded, and you mentioned the municipal election that is ongoing.

On a totally unrelated item—but it was in your presentation—on the review of the Municipal Act, isn't it a problem that we're doing all this during the municipal election, period? How are the municipalities supposed to be involved in public consultation on the bill that we're presently doing second reading on? It looks like the government would like to get that done and into third reading before the municipal election. The folks are, shall we say, not really engaged?

**Hon. Mr. Gerretsen:** I think municipal councillors are always engaged. I have a great admiration for anybody who serves municipally and wants to serve their community that way.

We've had a number of discussions with AMO already. We've made a number of presentations before them at the AMO MOU table. I hope—it's always subject to the will of the Legislature—that the bill will get second reading sooner rather than later. Undoubtedly, it will go to committee at that point in time, and I hope the committee will sit maybe after the municipal elections, and hopefully, it will report.

Our ultimate goal is to proclaim both the new Municipal Act and the new City of Toronto Act at the same time so that the new councils, maybe not on December 1 but maybe on January 1 or, at the latest, February 1 can start operating under the new act. That's our ultimate goal, but it's always subject to the will of the Legislature. We'd never want to be in contempt of that.

The Vice-Chair: Minister, thank you for that. To Mr.

Hardeman, thank you very much as well.

We'll finish up today with the last 20 minutes going to the third party. Mr. Prue, if you could proceed.

**Mr. Prue:** Again, with only 20 minutes, I may start to get into the housing, but I've got two other questions I want to put to you. The housing is where I'm actually going to ask questions about expenditures, so that will make Mr. Wilkinson happy.

**Mr. Wilkinson:** I appreciate it.

Mr. Prue: But before that, I've got two others. The first one is that the joint board environmental assessment has been made on the expansion of the Dufferin Aggregates quarry. That has been appealed by at least two groups that I'm aware of: the Coalition on the Niagara Escarpment, and the Protect Our Water and Environmental Resources, POWER. That's been appealed to cabinet. I'm just having some considerable difficulty, in light of the greenbelt legislation, which I thought was going to protect against this stuff. What is your role in this?

Hon. Mr. Gerretsen: My role is that we put the greenbelt plan together. There are certain provisions within the greenbelt plan that allow for aggregates. I noted at the time that there were some intensive discussions that took place as to how far to go in that regard. With respect to the particular application you're talking about, I can tell you, if it's before some sort of tribunal, I don't want to make any comments on it at all.

**Mr. Prue:** No, no. It's past the tribunal. The tribunal has approved it. The appeal is to cabinet. It's on your table

**Hon. Mr. Gerretsen:** I understand that it's before our own ministry, MNR and MOE, and that the matter is still before cabinet, so that's about all I'm going to say about it at this stage.

**Mr. Prue:** The Minister of Municipal Affairs brought in the greenbelt legislation. You said earlier—and this is what worries me, when you talk about energy being predominant. You talked about that being predominant, and the lights not going out in terms of the mega-plant.

**Hon. Mr. Gerretsen:** No, I didn't say it was predominant. Those were your words.

**Mr. Prue:** I'm just worried. Is something else going to predominate over the greenbelt legislation that you've brought up?

Hon. Mr. Gerretsen: The legislation is in place. The plan is in place. There are certain uses that are allowed in the greenbelt plan. Certain existing commercial and industrial uses that were there before can continue. The same thing applies to the aggregate industry. What that specifically is and how this application fits into that I'm simply not prepared to talk about right now, because I don't know what the arguments are. The matter is before cabinet right now, and undoubtedly a decision will be made at some point in time.

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**Mr. Prue:** If you're not prepared to talk, then I'll go on to the next one and then on to housing, if we get there.

The next one is a subject near and dear to my heart. I've raised this so many times with you in the Legislature in speeches and questions. It's about democracy and the people of Kawartha Lakes. They were told by the minister at the time—it was Chris Hodgson—that there would be a ministerial-approved question placed on the ballot in Kawartha Lakes. The ministerial-approved question was put on the ballot and a majority of people voted to de-amalgamate their city. I should say that in advance of that your party is on record and the Premier is

on record—it was part of one of your many promises—that you would abide by the decision democratically made by the people of that municipality. After they made it, you went back on your word; I don't know how else to phrase it. You said that wasn't good enough—I can't remember the reasons, whether there weren't enough people who voted, whether the margin wasn't high enough—and that you would only accept a decision of council. Is that still your position?

Hon. Mr. Gerretsen: This was one of the first issues that I got involved in back in late 2003 and early 2004. If you want me to fully indicate to you exactly what happened, I'd be more than pleased to do so, but I can't on the spur of the moment, because it was more than two

and a half years ago.

But I can tell you this: A number of OSTAR projects had been approved for the entire municipality of Kawartha Lakes. I can't remember the exact number, whether it was eight or 10, but a significant number of projects had been approved and were in the process of being built or financed and what have you.

We made it quite clear right from day one when I met with the council, both here in Toronto and later on when I told them of my decision when I went to Kawartha Lakes and had a full meeting with the council, that the number one criteria is to make sure that the communities that were going to result as a result of whatever process took place were sustainable communities, and that simply would not have happened. Three or four of those communities within Kawartha Lakes that had been separate municipalities beforehand would have been totally unsustainable because they would not have been able to pay for their OSTAR projects; in some cases it would have taken their entire budget. That's why we didn't do it. The council is very familiar that that's the only reason we didn't do it. If you want specific information on how it would have affected each municipality within Kawartha Lakes, I'd be more than prepared to provide you with that tomorrow. I just haven't got it with me right now.

**Mr. Prue:** Perhaps tomorrow. But the statement you made after that was that you would be prepared to sit down and you would accept the decision of the democratically elected council, should they want to split up. That's still your position?

Hon. Mr. Gerretsen: No. Again, I'd have to refer to the exact letter, but it went something along the lines that we were always willing to look at better ways of delivering services that municipalities could come up with, and we're still prepared to do that. We've said the same thing to other municipalities that were involved in perhaps not identical situations, because they may have not had a vote on it in the last municipal election, but we've basically always said that if there are better ways to deliver services than what the current delivery model happens to be in a particular area, we're always prepared to look at it.

Mr. Prue: It may surprise you, or maybe not, but the feeling in Kawartha Lakes is still pretty much in evidence

against the forced amalgamation. I was there this morning. I was in Lindsay on another matter relating to ODSP, and the signs are quite evident everywhere. People are running on an anti-amalgamation ticket. It would not surprise me in the least if they win. How are you going to deal with a council that's elected on that? You wouldn't agree to a democratic majority. How are you going to deal with the council, if that is the council's resolution on what they want to do?

Hon. Mr. Gerretsen: Are you suggesting, Mr. Prue, that we should have allowed them to totally de-amalgamate, knowing full well that four or five municipalities would be totally unsustainable? Is that your position?

Mr. Prue: My position is that you promised to abide by the democratic will-

Hon, Mr. Gerretsen: Even if the former municipalities would become totally unsustainable?

Mr. Prue: - and you did not do so. You should have thought of that.

Hon. Mr. Gerretsen: We've got some exact figures on how it would affect some of those municipalities, and some of them would have been wiped off the map financially. This is what we've always told them, that first of all we need the approval and submission of a proposal by a local council or the appropriate councils, in the event of a two-tier municipality. It has to demonstrate property tax fairness for all residents and demonstrate fiscal selfsustainability for all proposed new municipalities. That is the reason we didn't allow the de-amalgamation to take place.

Mr. Prue: And how did the forced amalgamation deal with that? Did it do all that process? I doubt it.

Hon. Mr. Gerretsen: I don't know. You'd have to ask the members of the previous government. They forced an awful lot of amalgamations on this province.

Mr. Prue: So you set that up. The reason I'm asking this is that it's quite serious. I fully expect that there will be at least some members elected, maybe even a majority of members elected-we'll have to wait and see what the electorate says about that on November 13, of course. But the question is going to come back if there is a majority on that council that wants to de-amalgamate, and I want to find out exactly how you're going to deal with this, because I have not been satisfied with the first process, nor are the people involved. They are running candidates because they believe that-

Hon. Mr. Gerretsen: Obviously you're talking to some people there. I've been approached, every time I go to a municipal conference, by other elected people in Kawartha Lakes-

Mr. Prue: Oh, I'm sure they were happy, yes.

Hon. Mr. Gerretsen: —who are happy to say we've done the best things. These people aren't friends of mine, are not members of my party or what have you. Undoubtedly, if you throw any situation out there, you know as well as I do that you're going to have people on one side and people on the other side of the issue.

I can tell you that I've talked to some people-and I won't reveal their identities here because it would be unfair to them-who used to be in favour of de-amalgamation who are now in favour of the amalgamation and never want to go back to the other process. Maybe there are other people, by the way, who at one time were in favour of amalgamation. We will have to deal with that if we come to it, but I don't want to deal with a hypothetical situation as to what may happen in a particular municipality after the election. Let's just wait-

Mr. Prue: But the reality is that they have an expectation, and I think it's built in part by the answers you have given in the Legislature, that if the council votes to do it, you will consider it. So they are running for council in order to be the council to accomplish the goal they

could not do democratically.

Hon. Mr. Gerretsen: If that were to happen, and if they could show fiscal sustainability or whatever new arrangements they can come up with, we would obviously have to take a very serious look at it, as we took a very serious look at the last situation as well. I can tell you that those decisions were not made in haste or without a lot of foresight. But at the end of the day, there were four or five municipalities-and we'll have that information for you here tomorrow—that clearly would not have been able to handle the financing arrangements that were in place for OSTAR. In some cases, I believe they would have had their taxes increased by 100%, and that would have been totally unsustainable, in my opinion.

Mr. Prue: You will have that information tomorrow and I will continue with those questions tomorrow.

Let's get on to housing. How much time do I have to start that?

The Vice-Chair: You have eight minutes.

Mr. Prue: As recently as this spring—I must admit I haven't looked in the last few months, but I've had colleagues look and they can't find anything other than what I saw. Your website has that you have built 63 houses in the province of Ontario.

Hon. Mr. Gerretsen: Is that what the website says?

Then the website's wrong.

Mr. Prue: Yes, 21 and 21 and 21 over the three years. Hon. Mr. Gerretsen: You're looking at our ministry website?

Mr. Prue: Yes.

Hon. Mr. Gerretsen: Well, we've built many more than that. Had I wished we'd built more? Absolutely.

Mr. Prue: I just want to go through these to find out. You've said of 9.000 rental and supportive units that "our commitment is to fund." That appears to me to be a future funding. How many rental and supportive units have been built since you came to office three years ago? If it's not 63, how many is it?

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Hon. Mr. Gerretsen: Occupied at the end of 2006-07 will be 4,130 units; under construction and have been given a building permit, so they're in different stages of construction, 3,658. With planning approvals, we've got 1,722. So we anticipate there to be 9,000 units either occupied or under construction in one facet or another by the end of 2006-07, so by the end of next March. Currently occupied in the 2005-06 time period, we have 1,635 units; under construction, 2,939; planning approvals, 2,014.

I'll be honest with you, and the housing people know this quite well within my ministry. I had hoped this process would go a lot quicker as well. If there's anything I'm interested in, it's to build affordable housing. We signed an agreement with the federal government on April 30 of last year. We finally got the money in place and what have you during the summer. At one time, you and I know, the ministry itself was involved in approving projects. Currently, it's being done through our different service managers out there, which quite often are the housing departments in the various municipalities. So it has taken time to enter into agreements with them. We now have agreements with them all. We've got allocations clear across the province that were announced both in the housing allowance areas for the existing units and in the new-build areas last year at this time. But to a certain extent, we are relying on the service managers and I certainly don't want to blame them that things haven't moved quickly enough—to approve, through the various councils and what have you, the allocation they've been given and to approve the actual projects. There is no longer that direct relationship that at one time there used to be between the Ministry of Housing and the actual builders of the units, whether they're non-profit or for-profit, so that's taken longer.

**Mr. Prue:** Okay. I've got all these numbers now. Of the 1,635 units, how much did the province give? How much was your contribution towards those units? How much came from the federal government and how much came from the various municipalities or social—

**Hon. Mr. Gerretsen:** Right. In the earlier program that was around, it was \$25,000 from the federal government and I believe the province at that time put in \$2,000. We changed that criteria to \$4,000 and we also put planning dollars in.

**Mr. Prue:** Okay. So \$4,000 times 1,635 is the max you would have put in.

Hon. Mr. Gerretsen: Yes.

Mr. Prue: So we're looking here at fairly small money.

**Hon. Mr. Gerretsen:** It's over a long period of time, though.

**Mr. Prue:** Yes, that's about \$4 million over a long period of time, over three years. That's what you've spent on housing—things that are actually built.

Hon. Mr. Gerretsen: You're talking about the original pilot program.

**Mr. Prue:** I'm just using your numbers. I'm using the 1,635 units that are actually built and operating in 2005. That's what I'm trying to find out. You've been in government since 2003, so this is the first two or three years of it: "to 2005-06" I think were the exact words you used. There are 1,635 of them that are occupied, some at a cost of \$2,000 and some \$4,000. We're looking at under \$4

million of provincial funding, and the only funding was that you gave up the sales tax.

Hon. Mr. Gerretsen: That's correct.

**Mr. Prue:** So that was the funding: giving up about \$4 million in sales tax.

Hon. Mr. Gerretsen: That's right. But we also changed a program in March of this past year. As a result of that, the total amount being put into the unit is \$70,000, which is \$35,000 from the federal government and \$35,000 from the provincial government. Some municipalities top that up as well, but that's entirely up to the municipalities. By doing that, in effect the rent can be lowered on the unit.

**Mr. Prue:** Since March of this year—we're talking here from March until October, a period of some six or seven months—how much has the province contributed of \$35,000 per household?

Hon. Mr. Gerretsen: In actual dollars?

**Mr. Prue:** Yes. How many houses have been located and how much—

Hon. Mr. Gerretsen: Probably not very much, because a lot of these houses are currently under construction and we would pay them out once they're being built. That's why, if you go through the estimates, you will see that there is a bump-up in the money in one year and then it goes down the next year. We're actually building more houses, but it takes longer to—you don't actually pay for the houses until they're completed.

Mr. Prue: So it would be fair for me to say that since the new program came out in March, since most of these other houses, other than the 1,635, have not been built, the expenditure is probably pretty close to zero.

**Hon. Mr. Gerretsen:** Well, the expenditure is the way it sits in the estimates. I thought one of your questions was going to be, why is it lower in the estimates this year than last year?

**Mr. Prue:** No, I'm just trying to figure out exactly how much money you've spent since the new program came in in March. If it's because it isn't up and operating, then still it's not up and operating; it must be zero.

The Vice-Chair: We're down to a couple of minutes.

Hon. Mr. Gerretsen: We can give you the exact number. Where's the housing again? Here it is. If you look at the estimates on page 197, we anticipate spending \$63 million this year, \$44 million being the federal contribution, \$18,000 being the provincial contribution, but if you look at it—let's see. The estimate last year, because they included a lot of the pilot projects, was \$80 million federally and \$29 million provincially.

**Mr. Prue:** Since you said thousands, I just want to be clear with this number. The federal government's putting in \$44 million and the province put in \$18 million last year. So the total expenditure was \$18 million for housing.

Hon. Mr. Gerretsen: Yes.

**Mr. Prue:** And this year, it's going to be \$80 million from the feds and \$29 million from the province.

Hon. Mr. Gerretsen: It's actually the other way around. Maybe I can do it this way. The agreement that

was signed with the federal government was for \$602 million; \$301 million was federal money and \$301 million was provincial money. Out of the \$301 million provincial money, \$80 million was taken out—that's just provincial money—for the housing allowance program. That leaves total provincial funding, in accordance with that agreement, of \$220 million for the affordable housing program. The amounts that would actually be spent over the five-year period are going to vary. Obviously, you're not going to be paying out as much in year one, because a lot of the projects are in the planning and development stage and what have you, as you will in years four and five.

The Vice-Chair: Minister, we're going down this path fairly strongly now, and I know there will be a number of questions coming up.

With that, I'd like to adjourn the meeting for today. We'll be meeting back here tomorrow right after orders of the day, in this very room, room 151. On your schedule it says another room, I think 228, but it will be held here. I'd like to thank everybody for their patience and indulgence today and we'll see you back here tomorrow afternoon. The meeting's adjourned.

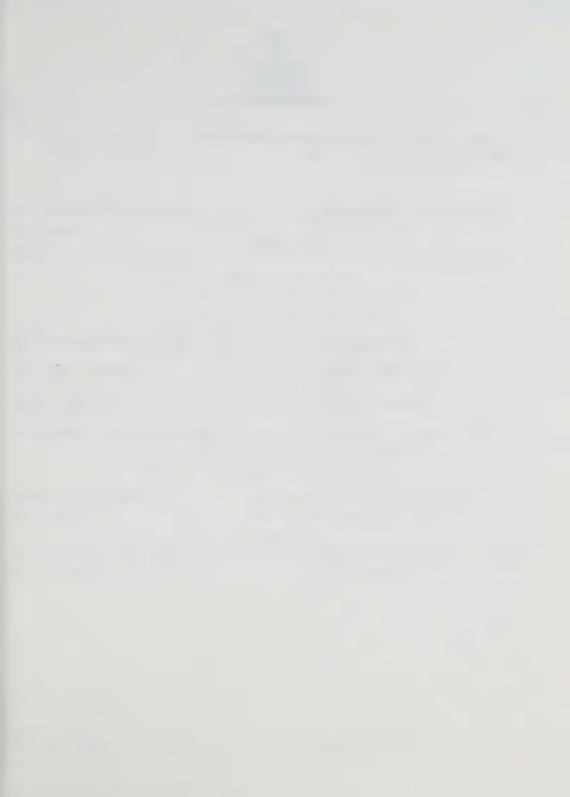
Mr. Prue: If I could, I'm not back up? It goes in rotation, in case I can't get right here when it starts?

The Vice-Chair: Yes. It will go to the government and then to the opposition and then you.

Mr. Prue: I have 20 minutes to finish on Bill 51, and then I'll be back here.

**The Vice-Chair:** Actually, after 40 minutes it should be your turn.

The committee adjourned at 1758.



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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 11 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 11 octobre 2006

The committee met at 1544 in room 151.

#### MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

The Chair (Mr. Tim Hudak): Good afternoon, folks and members of the standing committee on estimates. The meeting of Wednesday, October 11, 2006, is now in session.

We've heard from the minister as well as opening comments from both the official opposition and the third party. The minister waived his 30-minute rebuttal. We've gone through two 20-minute cycles, so according to our chart here we have 20 minutes for the government.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Can I just ask, Mr. Chair, on a point of order, through to the minister, whether or not he asked to cede his time or simply stand it down, with the opportunity at the end to maybe pick up that time? From a procedural standpoint, I know that when we were dealing with our matters, our preference as the government's caucus was to stand our time down and not simply relinquish it. The minister may want to consider it. I'm not sure what his intent was at that point; I'm just asking the question procedurally. If you could give some clarification, that would be helpful.

The Chair: You know, I had an exhausting day as Chair yesterday and had to relinquish to the Vice-Chair, so I wasn't—

Mr. Arthurs: Sorry, yes.

The Chair: I appreciate Mr. Arthurs's interjection. My understanding is that the minister said he didn't want to use the 30 minutes. That means the government can still use those 30 minutes if they so choose. If they don't choose to do so, then I'll distribute it equally among the three parties. Does that sound fair enough?

Interjection.

The Chair: I think we are currently at the 20-minute cycle. The government has the floor. Beginning the 20 minutes, we have Mr. Wilkinson.

Mr. John Wilkinson (Perth–Middlesex): Thank you, Chair. Welcome, Minister, and thank you so much for spending time with us in estimates.

Hon. John Gerretsen (Minister of Municipal Affairs and Housing): It's good to be back again.

Mr. Wilkinson: I have no municipal experience; I came to Queen's Park without that. And I know that you, as a former mayor of Kingston, come with a great deal of experience. I have something like 11 different municipal

councils in my particular rural riding, and I distinctly remember meeting with them when I first got elected. I told them exactly what you told me to tell them, which was, and I remember this, that we wanted to have them as partners, that we viewed the municipal level of government as not some kind of constitutional creature of this place but rather as a partner, that we wanted to extend that hand. I can tell you that my mayors and councils said, "Listen, we've heard that from previous governments. We have spent years being downloaded on, and we will believe it when we see it." I just want to report to you, three years later, that as I work with, I believe, 13 different levels of government in my riding, each one has come back to me and said, "We appreciate the fact that you have taken a different tone."

Given that, what I wanted to ask you specifically is—I know that your priority going into this was to mend the government's relationship with municipalities, and I know that you believe in having strong, co-operative relationships with Ontario municipalities—first of all, how did you do that, and, second of all, are you committed to continuing to do that?

Hon. Mr. Gerretsen: I've been in and out of the municipal scene for the last 35 years, and I can tell you that every government around during my time always said that they were trying to establish a partnership relationship with municipalities. To a certain extent, it's a motherhood statement. I think it's the actions that a particular government takes that determine whether or not that really happens, and to a large extent, I suppose, it's the feeling at the end of a certain period of time that the municipal councils or individual councillors are left with as to how they've been treated by a particular government at that time.

We've certainly tried in our ministry to work as closely as we possibly can with the municipal sector, as I've already stated. We meet on a monthly basis through the AMO MOU process with AMO MOU members. They come from all the various different sectors of the municipal world, and by that I mean rural, large urban, small urban, northern communities. There are about 14 or 15 municipal reps on that process. We bring ministers to the table who may have legislation pending or a regulation pending or some financial programs they want input on from the municipal sector.

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We also obviously try to get to every municipal conference that occurs during the year, whether they're regional conferences, whether they're our own MSO conferences. We have four municipal services offices around the province: in London for southwestern Ontario, in Kingston for eastern Ontario, here in Toronto for central Ontario, and in Sudbury for northern Ontario. They hold their annual conferences as well. We try to get to all of those conferences, as do many of the other ministers.

I think it's fair to say that over the years, some governments have been better than other governments at bringing ministers to various municipal conferences. It's for each individual council to decide which government has been better or not, but I can tell you just from my own experience that over the last three years, there have been more ministers going to these various conferences—and I'm not just talking about the AMO conference or the bear-pit sessions that they have as part of the conference—than I've ever seen before.

We've tried to deal with municipalities with respect. I think that's the first thing that the municipal world is looking for: that we regard their order of government as a legitimate form of government.

That was the whole notion behind extending to a fouryear term. AMO has been after that for a long period of time. Some individuals who run for council don't like it, and they're entitled to their opinion, but we felt that since people at the provincial and federal levels are, generally speaking, elected for a four-year term, we owed that same respect to people who run for municipal council. Plus, it has the added advantage of allowing a longer period of time for councils to plan and actually initiate programs or projects in their community, without always having to worry about the electoral cycle.

Up until 1982, all of the terms were two years, and it was changed to a three-year term. We felt that the municipal world as a whole had matured to such an extent that there was no reason not to extend it to a four-year term. In the democratic world that we live in, there are some people who are in favour of that and some who aren't, but I think the vast majority of people who are running for council are in favour of it, and I think that the individuals in our individual municipalities are better served by it.

Mr. Wilkinson: Minister, I think, for me, historically, the turning point—again, as someone who comes without municipal experience, like so many of our members—was when Greg Sorbara, the Minister of Finance, asked me to go over and kind of ride shotgun the first time we were, as a government, over at ROMA; since I was a rural member, he thought that was a good idea.

There wasn't a municipality that didn't come in and say, "You've got to do something about the CRF"—the community reinvestment fund—"there is no one who understands that," and interestingly enough, as we went through the bowels of the government that we inherited, we couldn't find a lot of people who understood it either. It seemed to be almost set up as a system in which there was no transparency or accountability, and that was awfully convenient for the provincial government.

When we brought in the Ontario municipal partnership fund, the one thing that people said over and over again, including my own riding of Perth county, where we are a net beneficiary of that, is, "We know why we're getting the money we're getting. If we don't agree with the formula, we can deal with that because, together, collectively, as municipalities, if we feel that there's something that has to be done to the formula, it's not this one-off. We, together, can agree that there is some adjustment that has to be made"—and I know that in the second year we did make an adjustment with that feedback.

Lucan Biddulph is in my riding, and then I share north Middlesex with Maria Van Bommel, our member for Lambton-Kent-Middlesex. They're two almost identical municipalities, side by side, with the same number of people, but one got a whack of CRF and the other didn't, and there was no rhyme nor reason.

Under the new method, which is transparent and accountable, those communities are treated fairly. Do you think that is a pattern that we need to continue to have; that the best thing we can have is that transparency and accountability on both sides of the ledger so that we can have a mature relationship with municipalities?

Hon. Mr. Gerretsen: I think that's important, especially when it comes to the finances of the situation. The more transparent it is, the easier it is for the municipal leadership to figure out exactly why they're getting X number of dollars rather than another amount, the better it is all the way around.

Although there are certainly municipalities that did not do as well with OMPF funding as they did with CRF funding, I have never heard a complaint yet that the method in which it's now calculated is not much easier to understand compared to the way it was calculated before.

You've got to remember, too, that we've added an extra \$150 million. We've revved up the fund from, I believe, in the range of \$630 million per year to over \$765 million per year now, that's distributed provincewide, so the total amount of money that actually goes out in the programs has increased.

I mentioned a number of other different programs yesterday, as well, that funding has been put into.

**Mr. Wilkinson:** Thank you, Minister. I think my friend from Willowdale has a question.

**The Chair:** Your friend from Willowdale has the floor, and he has about 10 minutes left in this segment.

Mr. David Zimmer (Willowdale): Thank you, Mr. Chair, and thank you to my colleague.

As you know, I represent the riding of Willowdale. Back in September 2005, I guess it was, at that big city summit conference, the Premier committed to doing a City of Toronto Act review. That's been done.

How else have the points the Premier made at that conference been turned into some reality for the city?

Hon. Mr. Gerretsen: The big thing about the City of Toronto Act, which is very much similar to the Municipal Act that's going through the legislative process now, is that it basically gave the city permissive powers in a whole variety of areas where they had to get provincial approvals before.

There are a number of different benefits to it. Number one, the municipal leadership through its council, which is duly elected, will be making decisions directly for the people of Toronto to a much greater extent than was the case before.

There are also some additional ways in which the city of Toronto can obtain revenues that are not available to the rest of the municipal world, as set out in the Municipal Act. The main reason we didn't extend it to the rest of the municipal world is that we want to see what happens in the city of Toronto over the next two to three years, to see how the new revenue tools made available to the city of Toronto are being utilized and what the response to it is.

As I mentioned yesterday, there are varying amounts as to what could actually be raised by the city of Toronto, and it really all depends on what measures they want to introduce. Nobody can judge that at this point in time.

The whole idea behind the City of Toronto Act is to give them more authority and autonomy to deal with municipal issues directly, rather than having to get final

approvals from the province.

As I mentioned yesterday, as well, there are about 15 different ministries that deal with the municipal world in one way or another, and we basically went to each one of the ministries and said, "What kinds of decisions that municipalities make are you involved with now, and what is the provincial interest in your involvement in those decisions?" And if there is no provincial interest, then those ministries shouldn't be involved in those kinds of decisions.

It goes all the way from environmental assessments being required previously for speed bumps on a local street, where we've said, "If it's a local street, it's not a provincial issue. It's up to the council to decide whatever process they want to put into place to gauge the opinion of the people in the neighbourhood." They're the people who are held accountable for those kinds of decisions.

There are a whole slew of issues like that. We've made the whole act more permissive in nature rather than prescriptive in nature, the way the Municipal Act and the

City of Toronto Act had normally been.

The other thing we've done with the city of Toronto is this: There were about 300 different acts that applied to the city of Toronto in one way or another, that had been accumulated over the last 125 or 130 years, and we codified them all into one act so that now they can be looked at as one unit. We deleted an awful lot of acts that no longer applied, because the circumstances we live in have totally changed and they no longer had any application.

#### 1600

Certainly from the reviews that have been given, particularly by Mayor Miller, whose office was intimately involved in the process that we went through, as well as the chief administrative officer, Shirley Hoy—he was well pleased with the act. Hopefully the new council, when it gets elected, will utilize it to its extent once it has been given royal proclamation, probably some time around the new year when the new council takes over.

Mr. Zimmer: Just on that point, you used the idea that the City of Toronto Act—you want to see how it's going to play out for a couple of years before you might do amendments to the Municipal Act that affect other municipalities. What's your sense of the reaction of the other municipalities outside of Toronto to the Toronto model or the Toronto template? Are you getting any early sense of what the thinking is out there?

**Hon. Mr. Gerretsen:** First of all, there is an automatic review required in the act, I believe at the end of two years, if I'm not mistaken, in the City of Toronto Act. At the end of two years, it will be reviewed.

Secondly, with respect to some of the revenue tools that were provided to the city of Toronto, there were some municipalities that would have liked to have seen them at this time as well. It was not something that AMO clamoured for. Once we decided to do it for the city of Toronto, I believe they wanted it for the rest of the municipal world as well, but we felt that Toronto, being the capital city, the largest economic driver in this province, was owed some special consideration at this point in time, so we decided not to put those revenue tools in the new Municipal Act.

The Chair: Five minutes, if you like, Mr. Zimmer, or

any other of your colleagues. Mr. McNeely.

Mr. Phil McNeely (Ottawa–Orléans): Minister, I'm very pleased to see the development of the building code. It has been an interest of mine to see what part of our greenhouse gases are related to heating homes. I think it's probably getting, with all the appliances, etc., up to about one third of what we could do with greenhouse gases. Could you just go over the transition that is happening with the Ontario Building Code over the next few years?

Hon. Mr. Gerretsen: The biggest change, I suppose, that's taking place with respect to the Ontario Building Code is that it's going to be an objective-based code, whereas currently the building code is very prescriptive. It sets out in very minute detail as to how certain procedures are to be done with respect to construction, etc. What the new building code allows is if a designer, a builder, can indicate to a building inspector that an alternate method of construction is just as efficient, then that alternate method can be used. It's going to be an objective-based code. It's my understanding that most of the modern building codes around the world are going to that kind of model rather than the purely prescriptive code.

Now, let's be honest about it. There could also be, from time to time, disputes between the building industry and a particular builder and the building official as to how that works out in a particular situation, but I think it's the way to go. Sometimes very prescriptive rules may not make sense in certain situations, and that's exactly what the objective-based code is trying to overcome.

We do have some high and tough energy-efficiency standards built into the building code. By the year 2011, EnerGuide 80, which is not in operation anywhere in North America now, although some jurisdictions are moving toward it, will be in operation. To be honest with

you, the building industry would have liked to have seen it happen a little bit later. The energy efficiency industry and the environmental community would have wanted to see it happen a little bit sooner, but we felt that was the right way to go. It would give the building industry enough time to, in effect, get up to speed with respect to EnerGuide 80, etc.

Let me just give you some examples of what some of the building code amendments would allow in the new code that will come into effect on January 1 next year. It recognizes the use of green technologies, which will include solar, photovoltaic systems, gas-fired emergency generators that can contribute to the power grid directly, active solar hot water systems, waste water heat recovery systems, rooftop storm water retention systems, storm water and grey water use, and motion sensors for room and minimum lighting, etc.

It also talks about and will require increased insulation requirements for foundation walls, above-grade walls, ceilings and windows and requirements for the installation of high-efficiency gas or propane-fired furnaces, etc. Some of these will come on stream right away; some of them will come on stream in their totality when EnerGuide 80 becomes mandatory by 2011.

I think it's the way to go. There will be enough energy saved just from these changes to power, for example, all of the city of London, Ontario. I've forgotten the wattage exactly, but it's whatever it takes—what's the wattage again? Nobody's 100% sure on that, but I think it's 380,000 kilowatts, from what I remember.

These new energy code requirements in the building code are going to be something that we'll all benefit from.

Mr. McNeely: I think my time is up, so thank you, Minister.

The Chair: Thank you, Mr. McNeely. We'll have a chance to come back if you so choose after we hear from the official opposition and the third party. Mr. Hardeman, you have 20 minutes.

Mr. Ernie Hardeman (Oxford): Good afternoon again, Mr. Minister. I wanted to go back to our discussion yesterday about transparency and accountability. Of course that's very important to the people of this province. At the end of the day, that's what the legislation is meant to accommodate, not the wishes of local councils or the provincial government but to protect the interest of the average citizen in this province. We've heard a lot of discussion, particularly in the answers, Mr. Minister, that you have consulted with your stakeholders, the municipalities, and they like what you're doing, but is that based on that they are going to be able to accommodate the wishes of their people or because it will make life easier for municipal councils as opposed to the people of the province?

Yesterday when I asked about transparency and accountability and how it dealt with open and closed meetings in councils, and I read from Hansard now, "Transparency and accountability dealt with the issue of being"—and these are your comments, Minister—"able

to appoint officers similar to the officers we have here of the assembly. I'm more than willing and prepared to talk about this section and other sections as well, but the basic thrust of the legislation has much more to do with the notion of giving municipalities permissive authority to make a lot of decisions that they currently don't have."

I think from that you're saying that accountability and transparency apply to only that section of being able to appoint officers, such as the ombudsman and so forth, to deal with transparency if the ratepayers believe that they have exceeded their rights in closed council meetings; is that right?

**Hon. Mr. Gerretsen:** I think you have, with all due respect, mixed up two fundamental concepts that I talked about. They are not to be connected.

My first comment was the fact that the new Municipal Act gives municipalities more autonomy and more power, more authority to do things, and that is separate and apart from the whole open-and-closed-meeting situation

Let me just review for you right now as to why meetings can be closed that is contained in the act currently—

**Mr. Hardeman:** We'll get to that, Minister. This is a point where, as opposition, I get to ask the questions and you get to answer them. You don't get to pose the questions. Thank you.

**Hon. Mr. Gerretsen:** I was trying to answer your questions, Mr. Hardeman.

Mr. Hardeman: I would go on—you're talking about me confusing the issue when in fact I'm reading from Hansard from from you said yesterday. I didn't add a word or take away a word. It's written right here in vesterday's Hansard, okay?

Now, the problem I have-

Gerretsen please respond.

Hon. Mr. Gerretsen: What I said in yesterday's—

Mr. Hardeman: No, Minister. It's the problem— The Chair: Folks, order. Mr. Hardeman has the floor. Mr. Hardeman, when you pose your question, Mr.

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Mr. Hardeman: The problem isn't with what you said yesterday; it's what you said in the Legislature, which was not the same thing. I read that in the Legislature, this was said on September 25: "For greater transparency, municipalities will be required to keep a record of all meetings, both open and closed." That's not referring to appointing an ombudsman. This is about open and closed meetings. Now you're saying that transparency applies to the open and closed meetings and that they must keep minutes.

Hon. Mr. Gerretsen: Transparency applies to the entire municipal process; we're trying to make the entire process more transparent than ever before. It applies both with respect to when a meeting can be a closed meeting—we've set out specific rules with respect to that—and it applies to the whole decision-making process of a council. It applies to a whole bunch, a variety of different interactions that a municipal council has on the issues before it.

Mr. Hardeman: If I go on, again, from your statement in the Legislature, it says, "Since there is an obligation to record minutes of these meetings, and these minutes are public documents, a person can use a municipality's own words to question whether a municipality has, in effect, contravened the act."

The problem is that if you look at section 239 of the act, "Record of meeting"—and this is in the act too: "A municipality or local board shall record without note or comment all resolutions, decisions and other proceedings at a meeting...." Recognizing that there will be no resolutions in the meeting because the law prohibits that, what is it the municipality is recording for the public to know and to have a say on what was conducted in that closed-door meeting?

Hon. Mr. Gerretsen: The section is quite clear: There are seven instances in which a municipality or municipal council can hold a closed meeting. They're set out in the current act and they're set out in the proposed act. The proposed act goes further, and I'll just read the sections to you right from the act:

"A meeting may be closed to the public if, at the meeting, no member of the council or local board or committee of either of them, as the case may be, discusses or otherwise deals with any matter in a way that materially advances the business or decision-making of the council, local board or committee."

It then goes on to say that of those particular meetings that are closed, the clerk shall keep a record: "A municipality or local board shall record without note or comment all resolutions, decisions and other proceedings at a meeting, whether or not the meeting is closed to the public." In other words, there's a record as to what issues may have been discussed at a closed meeting.

Mr. Hardeman: That's my problem; that's why I'm having concerns. Maybe I should put it on the record, first of all, that I'm not the only person to share this concern. I read it here in a news release from the Ombudsman of Ontario, who in fact is a person appointed to be the Ombudsman for all of Ontario, at arm's length from the Legislature yet a servant of the Legislature. The thing that's interesting about it is that the act allows municipalities to appoint an ombudsman of their own. If they do that, then the Ombudsman no longer is applicable in that municipality. So if a resident in that municipality, under this act that you've proposed, wants to challenge a council decision, all the council has to do is appoint an ombudsman-and it could be one of their own employees, a staff member—and that citizen no longer has the right to appeal to the Ontario Ombudsman. The Ombudsman has great concerns with that, and he doesn't see it, at least according to this news release, the way you do, Minister.

Hon. Mr. Gerretsen: Just for the record, right now, the Ombudsman has absolutely no authority or say at all with respect to any decisions made by municipal council. This is a new power we're giving the Ombudsman. He doesn't have any power whatsoever.

Mr. Hardeman: I think he speaks very clearly to that new power: "While purporting to introduce a degree of accountability into municipal administration'"—these are the Ombudsman's words, not mine—"this bill will result in an unfair, inequitable and unsustainable patchwork of quasi-oversight measures throughout Ontario,' remarked Mr. Marin.

"The citizens of Ontario deserve to have a strong, credible, and independent oversight body with full investigative powers, to ensure compliance with public meeting requirements as well as to deal with general complaints about municipal matters affecting them."

"As Bill 130 is currently drafted"—and I believe this section is still drafted that way—"the Ombudsman's office would act solely as a default for investigation of complaints about a municipality's failure to hold public meetings. In lieu of the Ombudsman, municipalities are given the power to appoint an internal investigator to address such complaints, thereby ousting the Ombudsman's authority. Municipalities could even appoint one of their own employees to do the job, something that completely defies the basic tenets of effective oversight. These municipal investigations would also be carried out without the full range of investigative authority ordinarily exercised by the Ombudsman's office.

"Bill 130 also proposes that municipalities would have the option to create their own ombudsman but there are no guarantees to ensure that they would be independent or impartial or have full investigative authority over municipal complaints. Mr. Marin indicated, 'Independent oversight should not be treated as window dressing or a special add-on option to be selected only by those who want to have it.'

"Only the city of Toronto under the City of Toronto Act, 2006 is actually required to appoint an ombudsman.

"However, Mr. Marin warned, 'All of these municipal offices would lack the independence and strong investigative authority that is characteristic of an ombudsman. They would essentially be internal complaint departments run by municipalities and dressed up as ombudsmen.'

"Mr. Marin said the proposed amendments create an incentive for municipalities to avoid independent administrative oversight and leave the citizens of Ontario's municipalities without an effective independent complaint mechanism with full investigative powers. 'I have raised my concerns with the ministry and feel it is my responsibility, as Ombudsman for this province, to make it clear that these proposed amendments as they now stand fall far short of the mark in terms of the type of oversight and accountability which Ontario's citizens both expect and deserve."

I would think that's kind of a need for concern with the bill. If the Ombudsman of Ontario—who has no vested interest but who is interested in protecting the citizen's right to a fair hearing on any issue—has that great a concern with what's in this bill, I would ask the minister if you would not deem that sufficient to have a look at the bill and make sure that that was addressed to the satisfaction of our Ombudsman.

**Hon. Mr. Gerretsen:** As I indicated yesterday, as a result of that letter, I and my staff had a meeting with the

Ombudsman—a very successful meeting. We toured his offices as well to see what kind of an office he has on Bay Street. He has written another letter in which he's made some further suggestions, and we'll certainly take a look at that and see how it can be accommodated.

I think the point to remember is that right now, the Ombudsman only has the right to investigate matters relating to provincial governments, boards, commissions and agencies. The way it sits today, he has absolutely no authority to investigate anything with respect to municipalities. What we attempt to do in the bill is to allow municipalities, by way of permissive legislation, to appoint their own ombudsman and, in a default position with respect to the section on open and closed meetings, to make the Ombudsman of Ontario the ombudsman, thereby giving him brand new powers. He has a different idea as to how that can be expanded further, etc., and we're going to take a look at that and deal with it accordingly.

**Mr. Hardeman:** I'm not sure I heard that properly, but did you say that they can, as a default decision, make the Ombudsman of Ontario their ombudsman, or does that happen automatically? Is it written in the bill?

**Hon. Mr. Gerretsen:** I think that happens automatically with respect to the closed-meeting provision.

Mr. Hardeman: The reason I bring that up is that the Ombudsman doesn't have concern with those municipalities which do not avail themselves of the possibility to appoint their own non-arm's-length employee to be their ombudsman or investigator. He's quite happy with those who don't appoint him, because he feels it's quite appropriate, as do you, I'm sure, that the Ombudsman of Ontario could do an adequate job of being the ombudsman for municipalities too. I think that's the initial intent here.

Hon, Mr. Gerretsen: Yes, that's what he's saying.

Mr. Hardeman: I agree with that and you agree with that. The problem I have is that a municipality that doesn't want the stern eye of the Ontario Ombudsman to look at their operation can just appoint someone else and prevent the Ombudsman of Ontario from being involved. That's the concern I have and I think that's the concern the Ombudsman of Ontario has. I wonder if you could reply to that.

Hon. Mr. Gerretsen: That's the concern that he has expressed in his letter. I have great faith in municipal governments that when they appoint an ombudsman, they will do so with all the right justification and with the right motives and everything else in mind etc. We're looking at his suggestions and we'll deal with them.

Mr. Hardeman: Could I ask again, Minister: Does "we'll deal with them" mean you are suggesting to this committee that you are going to look at changing that part of the bill?

Hon. Mr. Gerretsen: One of the reasons why bills like this come forward is so that we can get lots of input from lots of interested citizens, groups, councils, individuals, ombudsmen—anybody else who wants to

make a representation. I can tell you that within our ministry—as, I'm sure, it is within every other ministry—you take a look at all these letters and you discuss these issues and you deal with them by way of amendments, perhaps, or by way of—there are different ways in which you can deal with issues. But I can tell you this: Anybody who writes us a letter is taken very seriously. We certainly will take suggestions, particularly when it community. When he brings ideas forward, we take a good, close look at them, for sure.

Mr. Hardeman: I want to go back to the minutes of meetings. If you could enlighten me as to what—if I believe that my local municipality has held an improper in-camera meeting—I would use to go to an ombudsman, even the Ontario Ombudsman, and ask him to look into it. What evidence would there be whether they did or didn't? Obviously the council is going to say, "No, we didn't hold an improper one; we held a proper one. We discussed the topic that's on the sheet. We didn't further the event any further in the decision-making because we voted on it in the next council meeting." What would I use to hold council accountable for a properly held meeting?

**Hon. Mr. Gerretsen:** As in any situation, a person who brings an allegation forward has to be able to provide some sort of substantiation or proof for that.

Mr. Hardeman: But what would it be?

Hon. Mr. Gerretsen: The circumstances are going to be different in each and every case. Presumably, if you bring in information like that to your council that they did something wrong, in your opinion, you'd go first of all to the ombudsman, if they've appointed one. If they haven't, you'd go to the provincial Ombudsman. Those individuals will launch an investigation as to whether or not any of the rules of the act have been contravened.

**Mr.** Hardeman: How would I know whether any discussions had materially advanced the business or decision-making of the council?

Hon. Mr. Gerretsen: It's just like any other proceeding, I suppose. People will have to give evidence of some sort, and it's either believed by the individual who adjudicates this or it's not. I can't deal with hypothetical situations. Each individual case depends on its own situation.

Mr. Hardeman: I understand. It's not a hypothetical question, Minister. I think it's a real concern in the transparency of local government. The act does say what constitutes a proper closed meeting: as long as it doesn't deal with a matter "in a way that materially advances the business or decision-making of the council, local board or committee." But how would anybody know that? Because nothing advances until a decision is made, and they make the decision out of council; they had the total discussion in an in-camera meeting, and there were no minutes because your legislation prohibits minutes from being kept because we can't record anything except decisions being made.

Hon. Mr. Gerretsen: You know as well as I do that currently, with respect to any municipal minutes, other

than what may be done on an informal basis at a particular council, council minutes are only decisions that are made. They are not to be taken as a Hansard of everything that happened at a council meeting. It doesn't work that way at the local level. Only decisions are relevant, as such, but not how those decisions are arrived at

Mr. Hardeman: I'll stop it there. I'll end up by saying, Minister, that that's why all council meetings are open to the public: so they can hear the debate. What we're talking about here is theoretically allowing every meeting of council to be totally conducted behind closed doors, and come out and council votes on the decisions, and the public will never know what the councillors individually had to say about the issue.

There is nothing in this bill that I can find, and so far in the whole discussion there's nothing that you've suggested that's in this bill, that will prevent that from

happening. I think that's a concern.

If the public can sit there and watch, you don't need minutes to keep it for the record. But this here says there are no minutes of the meeting, and yet there is a predication on that that you can only conduct certain things in camera, but there'll be no minutes to say whether you did or didn't.

I think it's as far away from transparency as you're ever going to get with a piece of municipal legislation. I think you should look at that closely and get it changed.

The Chair: That will conclude this segment, Mr. Hardeman. We'll move to Ms. DiNovo. You have 20 minutes.

Ms. Cheri DiNovo (Parkdale–High Park): First of all, Mr. Chair, I'd like to make some general comments. I find it fascinating that we're talking about work with municipalities, building codes and transparency in meetings when 122,000 families are waiting for affordable housing. From our guesstimate, 3,000 to 5,000 are homeless in our city and many of them dying on the streets of Toronto.

I would like to take this conversation back to some housing estimate questions. I understand that yesterday you shared, Mr. Minister, with my colleague Mr. Prue that you have spent \$3 million to \$4 million on affordable housing. Is that correct?

**Hon. Mr. Gerretsen:** Three million dollars to \$4 million?

The Chair: I apologize. I'll make sure you get the extra time. I should have, at the beginning, recognized that Doug Barnes, Acting Deputy Minister and assistant deputy minister, housing division, and Pam Skinner, assistant deputy minister, business management division, are with us at the front bench, for the sake of Hansard. Sorry for the interruption. Ms. DiNovo.

Ms. DiNovo: I've asked the question.

**Hon. Mr. Gerretsen:** Yes, and they were all properly introduced yesterday.

The Chair: It's always good to see them, and I wanted to recognize them.

Hon. Mr. Gerretsen: It is, because they provide excellent, valuable service to the government of Ontario

but, what's even more important, to the people of Ontario on an ongoing basis. They do excellent work, each and every staff member and ministry individual who's here.

I don't know, with all due respect, where you're getting your numbers. The amount that is spent on affordable housing in different programs is much, much more than, I believe you said, \$3 million to \$4 million.

Ms. DiNovo: Actually spent, Mr. Minister.

Hon. Mr. Gerretsen: Well, actually spent—if you look at page 197, I believe, of the estimates, in 2005-06, \$16.2 million of Ontario provincial tax dollars were spent as the provincial contribution to the affordable housing program. This year, we estimate it to be \$18.08 million. That's just within the affordable housing area. We spent \$50 million per year on rent supplement programs. We have a housing allowance program that's going to spend \$80 million per year. What are some of the other programs we have? So it's much more that \$3 million to \$4 million.

**Ms. DiNovo:** Then perhaps you could clarify for us how much is budgeted, completely budgeted, for the affordable housing program for this fiscal year.

**Hon. Mr. Gerretsen:** For this fiscal year, the affordable housing program—

Ms. DiNovo: In total.

Hon. Mr. Gerretsen: —in total that's budgeted for, and it's outlined on page 197 of the estimates, is \$18 million for the provincial share. The federal share is \$44 million. That's just in the affordable housing area that was part of the agreement signed last year. That will contribute to the creation of 9,000 rental units, 4,500 home ownership units, 1,500 northern units and 5,000 housing allowance units. It also includes 500 units for victims of domestic violence.

Then we can talk about the rent supplement program, the rent bank, the housing allowance pilot project that we started here in Toronto—

**Ms. DiNovo:** But total. Excuse me, Mr. Minister, but I've totalled \$18 million plus \$44 million, which is \$62 million, as the total budget for the affordable housing program for this fiscal year. Why is it that on page 44 of your March budget it clearly states that your government is pocketing \$150 million in affordable housing money from the federal government this fiscal year? I have that here. There seems to be a bit of a discrepancy. **1630** 

Hon. Mr. Gerretsen: Oh, wait a minute. Yes, I think you're talking about the trust funds that were part of the so-called Layton–Martin budget that the federal government earlier this year or just recently put in a trust fund. We have not received that money as yet, and it hasn't been allocated as yet. That's additional money to the monies I was talking about earlier.

**Ms. DiNovo:** You're saying you haven't received that money yet from the federal government.

Hon. Mr. Gerretsen: I'll let Mr. Barnes answer that. Mr. Doug Barnes: The federal government has an-

Mr. Doug Barnes: The federal government has announced the money in the trusts, but currently there is a dispute going on between the two ministers of finance—

Ontario and the federal government—in terms of the commitments under the federal and provincial agreement of a year and a half ago. Until that's resolved—then we'll be able to deal with the issues on housing.

Ms. DiNovo: So you haven't received the money yet.
Mr. Barnes: I can't say that. You'd have to ask that

question of the Minister of Finance.

Ms. DiNovo: Okay. To ask you, then, a few questions about the on-the-ground accomplishments of the program: According to your website, affordable rental housing is one component of the overall program. I'd like to ask, Mr. Minister: How many units of affordable rental housing are presently occupied; that is, not planned or under construction but actually occupied?

Hon. Mr. Gerretsen: As our website clearly indicates, there are, I believe, 63 projects that are currently either occupied or in construction, etc. They're all identified with the number of units and what have you.

I noted that your colleague Mr. Prue, either the other day here or in the House, indicated that there were only 63 units. In fact, there are 63 buildings of variable sizes ranging anywhere from 27 units to 93 units to 40 units to 44 units, etc.

Ms. DiNovo: So total—how many total?

Hon. Mr. Gerretsen: The total number of units that we currently have occupied as of March 31, 2006, so that's about six months ago: 1,635 units are occupied; under construction and with a building permit, 2,939 units.

**Ms. DiNovo:** Actually, I asked how many units of affordable rental housing are presently occupied, not planned or under construction.

**Hon. Mr. Gerretsen:** Sixteen hundred and thirty-five units. There could be more, because by the end of next March 2007, it will be 4,130.

Ms. DiNovo: But currently you have 1,635 units?

**Hon. Mr. Gerretsen:** As of March 31 of this year.

**Ms. DiNovo:** Okay. I just bring it to attention for the record that this is a government that promised 20,000. But moving right along, how many affordable rental housing units will be occupied by the end of your first term in October 2007?

Hon. Mr. Gerretsen: We've got 5,000 housing allowances currently that have been allocated to the different service managers around the province. It's my understanding that 499 of those units are actually occupied right now. The rest of them are under contract with the various housing providers in the different communities—non-profit, for-profit, etc. Hopefully they will be occupied as soon as possible, putting every press on that as we possibly can.

In the existing rent supplement program—when we took over as government, there were 3,400 units which, on average, received a subsidy of \$600 per month, occupied. Currently, we have 6,690 units occupied, so an increase of slightly less than 3,500 units.

Ms. DiNovo: But just to continue on—I didn't mean to interrupt—we've got 1,635 units that are occupied now, so that's the solid figure. To move on, then, what

percentage of those 1,635 occupied units are for-profit projects and what percentage are non-profit projects?

Hon. Mr. Gerretsen: These are all affordable units. Some have been built by the private sector; some have been built by non-profit groups and co-op groups, etc. What happens in each particular case is that a service manager will send out a request for proposal. Whether or not the for-profit sector or the non-profit sector builds the affordable units depends upon what kind of interest comes back to them and what kinds of projects have been approved by the local councils to whom the service managers report.

**Ms. DiNovo:** Okay, but what percentage of these occupied units are for-profit projects? We have that solid figure of 1,635. What percentage of those are for-profit

units?

**Hon. Mr. Gerretsen:** You mean units within forprofit buildings or—

Ms. DiNovo: Yes, for-profit units. Somebody's

making a profit on those units.

Hon. Mr. Gerretsen: We don't have that exact detail, but Mr. Barnes indicates that it's about a third in the forprofit sector, a third non-profit sector and a third municipal non-profits.

The Chair: What I might suggest, if Ms. DiNovo is interested in a more detailed answer, is that the deputy minister could get back through the clerk, who will then inform members of the committee of the details of that question.

Ms. DiNovo: I would very much appreciate that.

Thank you, Mr. Chair.

So we've got about a third of these units that are forprofit units. What's a typical rent? I'm not interested in the few units with rent supplements at this point; just the advertised rents. I'd like you to maybe just walk this committee through the rent structure for a bachelor, a one-bedroom, a two-bedroom and a three-bedroom in a typical for-profit project, let's say, in Toronto. What would those rents look like in the one third of those units that are for-profit?

Hon. Mr. Gerretsen: The amount of subsidy would depend upon where it's located in the province, first of all, but I'll turn this over to the assistant deputy minister for housing, who may be able to give you a more

complete answer.

Mr. Barnes: We don't have the actual rents here, so I can tell you by program area what the targets are. Under the first part of the pilot program that we went out with, rental rates had to be lower than the CMHC market for every size of unit. So if the rate in Toronto for a one-bedroom unit was \$650, the rent had to be below that, if that was the average.

On the new program that we signed with the federal government, for projects which come out as rental units, the target is 20% below. With the municipal contribution, in many cases we're achieving 30% below market.

**Ms. DiNovo:** I would be interested in actually what those rents are. The hard facts and figures would be interesting. Mr. Chair, if I can, I would like to get those hard facts and figures at some point.

To continue on, the Ontario Non-Profit Housing Association reports that over 48,000 households are on the city of Toronto housing waiting lists. How many of those currently on the housing waiting lists in Toronto can you say would afford those rents? We're talking about the for-profit. I bring your attention to somebody, for example, working 40 hours a week earning minimum wage. Based on 30% of income—this is again from ONPHA's 2006 report—they could afford a rent of \$372 a month. First of all, because we don't have the hard facts on the units and their costs, I would need to know how many of those units rent for less than \$372 and then I'd like the minister, if you could, to answer that question or at least take it away and bring it back.

Hon. Mr. Gerretsen: We can take it away and bring it back, that's for sure. But just so there's no misunderstanding, the way the program basically works is that an individual pays 30% of their income towards the rent of these units, so it depends, in a particular case.

**Ms. DiNovo:** Again, we're talking about for-profit units, that one third. You gave me the figures of a third, a third and a third, so the for-profit units, not the non-profit

units.

Hon. Mr. Gerretsen: We don't draw a distinction whether it's a for-profit unit, a non-profit or a municipal non-profit unit. We are concerned as to what the individual who's in that unit ends up paying. Whether that building is owned by a for-profit agency or a nonprofit or a co-op is kind of immaterial to us. I have my own personal preferences. I'd like to see many of these units in the non-profit sector or the municipal non-profit sector. But our approach is, we want to get the units up as quickly as possible. We have the service mangers come up with RFPs. They select the best fit for the number of units that are allocated to that particular area. They then, obviously, enter into agreements with that particular agency, whether it's a for-profit or a non-profit agency, so that the units can be built as quickly as possible and so that the people you and I care about can be accommodated in those units at affordable rents as quickly as possible. But we're not dogmatic as to whether or not those units should be owned by a non-profit organization or a municipal non-profit or a for-profit agency. That's of no concern to us.

1640

**Ms. DiNovo:** It's difficult to assess without actually knowing the rents on these units, but once we get that information maybe we could continue along that line.

I just bring your attention to the fact that in the Golden report 18,000 units were a target set for Toronto, and in this last year not a single new affordable home was built in 23 of Toronto's 44 wards. My question is a very general one: Of the 20,000 units promised in 2003 by your government, when are we going to see homes in the city of Toronto in accordance with those modest, I think, targets by Golden?

**Hon. Mr. Gerretsen:** Which Golden report are you referring to? What is the date of that report?

Ms. DiNovo: This is going back a few years—

**Hon. Mr. Gerretsen:** I was going to say, that's about 10 years ago.

Ms. DiNovo: —which is pretty sad, that we still don't have those targets met. This is a modest target by today's standards. Considering there are 122,000 people on the waiting lists, 18,000 new units is not asking a lot.

Hon. Mr. Gerretsen: I totally agree with you. It was very sad that both the federal government and the previous provincial government basically went out of the affordable housing business for almost 10 years. It has taken a while to get back into it. We're determined to do it, and we're doing it in a number of different ways, not only the affordable housing program. We think something that is just as valid is the housing allowance programs. There are empty units sitting out there right now that we feel could be occupied by individuals at reasonable rents. That's why we've made the housing allowance funding available. We believe that once those 5,000 units are occupied, subject to agreements with all the service managers and the different landlords in the different areas, the individuals who live in those units will be just as satisfied from a housing viewpoint as if they were to live in an affordable housing project.

Ms. DiNovo: To ask you about those 5,000 units,

when will those be occupied?

Hon. Mr. Gerretsen: There are already 499 occupied. An allocation was made to each service manager. They range all the way from 1,800 for the city of Toronto to as few as 10 for, for example, the Parry Sound, Kenora and Rainy River DSSABs. It was done on a population basis, but also taking into account the extent of the waiting list, etc.

Ms. DiNovo: So less than 10% are occupied?

Hon. Mr. Gerretsen: That's right—currently. It has taken much longer than I would have liked to have seen, but we're working with the service managers to make it happen as soon as possible. We now have an agreement with all the service managers. I understand that they have contracts or agreements out with different landlords in their communities for vacant units. I think we're going to see a significant improvement in that in the next little while.

**Ms. DiNovo:** So we're seeing just over 2,000 units out of a possible 20,000-unit promise that was made in 2003?

**Hon. Mr. Gerretsen:** But that's only one program. There are 5,000 units in the housing allowance program. There are an additional 3,500 units—

**Ms. DiNovo:** Excuse me, Mr. Minister, you said that only 499 are currently occupied. This is three years later.

I think I'm out of time. Thank you.

**Hon. Mr. Gerretsen:** Excuse me, it's only one year later. We signed the agreement with the federal government last year, in April.

**The Chair:** Minister, thank you. Ms. DiNovo, you still have time for a last question if you like, or you can come back to it in your next rotation.

**Ms. DiNovo:** I'll come back to it in my next rotation, thank you.

The Chair: I just remind committee members, too, of procedure. If a member of the committee is dissatisfied

with an answer and wants more detail, the research assistant, the hard-working Jerry Richmond, will look through Instant Hansard, and that member can check with research to make sure that the proper question is being asked as follow-up.

I will now go to the government members. Mr. Arthurs, you have 20 minutes.

Mr. Arthurs: Mr. Chairman, I can assure you that the minister, in his thoroughness in his responses to questions that are being asked—I'm probably not going to have to ask research for additional information. I know that if I just keep querying him, I'll get the information I need.

**Hon. Mr. Gerretsen:** Well, you don't know whether that's going to happen or not, but try me.

Mr. Arthurs: No, I'm convinced.

The Chair: Throw him the curveball, Wayne. Go ahead.

Mr. Arthurs: What I would like to chat a bit about with you and have some response to—since we've spent some time talking about Toronto, I'd like to talk about the other 2.8 million people in the greater Toronto area, the four regions, primarily, at this stage, located in the Golden Horseshoe surrounding Toronto and some of the type of work you've been undertaking with the regions, through either the MOU process or the work you did with Brampton and Mississauga as they were busy doing their restructuring initiatives that you see coming about, such as Seaton, which you've got a big responsibility for, with provincial lands.

In my riding, in my former hometown—well, it's still my hometown—the former town that I was the mayor in, with Seaton and the activity going on there, you're going to see 75,000 new constituents in the province of Ontario. Looking at some very forward planning from that standpoint, looking at 21st-century growth opportunities, there are challenges there, but I think the ministry, under your leadership and guidance, is working through those with that particular municipality. But there are challenges in probably each of those municipalities.

I think the work that's been going on over the past couple of years has gone a long way to build a high degree of confidence among municipal leadership and, by virtue of that, a high degree of confidence in their constituents with respect to what they can expect from their councils and what they can expect from the provincial government from the standpoint of working in a co-operative fashion with positive outcomes—certainly Places to Grow, which is primarily through Minister Caplan, PIR. I know your interest in that and, obviously, input and processes in regard to that. So, I'd be interested in hearing your thoughts on how things are unfolding in that regard, respecting the fact that it's Minister Caplan's primary area.

But what I'm really keenly interested in: What's happening, from your perspective, with those constituencies, with those municipalities that represent probably now—I'd be interested in the population. I know you won't have that on hand; I may have to ask research for that,

but I can probably look it up somewhere. I think we're probably pushing, though, 2.5 million to three million people in the four regions around the 905.

Talking to Mr. Delaney, I think Peel is over a million now. York region has to be pushing up to 800,000 to 900,000-plus. Durham is looking in the neighbourhood of 700,000. Halton has to be around a half-million. So that's a pretty substantive population base. Maybe we don't talk about it quite enough in the context of its influence on both the future growth and accommodating those who need to find affordable housing, and/or the economic drivers in the province of Ontario, because clearly that population size and its growth and employment base become a significant driver in the province of Ontario's economic activity and its economic sustainability.

So I'm interested in what you're seeing, what you're hearing, your experiences with our colleagues municipally and with constituents in the 905 belt that borders the city of Toronto.

Hon. Mr. Gerretsen: Thank you very much for that question, because it's certainly one that the government as a whole has been very much interested in over the last three years. I think we realized when we came into government that not enough planning had been done in a centralized way for the GTA.

Everyone expects the population of the province of Ontario to grow by at least four million people over the next 25 years, and the greatest number of these people will settle in the Golden Horseshoe area. So we felt it was absolutely important to start off with, first of all, determining what should be saved, from an agricultural and an environmental viewpoint. That was basically the greenbelt process that our ministry was involved in.

At the same time, Minister Caplan was involved in, first of all, formulating the legislation for the Places to Grow Act, which is basically enabling legislation, and then determining the actual growth plan for the GTA. As you know, a certain number of nodes were indicated as to where that growth of some 3.5 million people that will be coming to the GTA area is going to go.

The area that you're from—one of the other interesting involvements that we had was the whole Seaton plan. As you know, this was the first plan that was put on by the province anywhere in Ontario at all, the first time that the process had been used that created the central Pickering development plan. I don't want to say too much about it because, as you know, it's the subject of a court action right now. But certainly the process of planning for this area, together with the local and regional municipality there, was an exciting process because it will provide not only for residential accommodation but also for employment lands in that particular area.

The government announced recently the establishment of the GTTA, which is basically going to deal with the transportation and transit needs in the area. Hopefully soon a board of directors will be either chosen or appointed. I think everyone recognizes that in order for us to deal with the transportation and transit issues in the

overall GTA, it's absolutely essential that it be done in a coordinated way. I think that the municipalities and the regions in this area have started to do that.

In Durham, for example, just last year, if not the year before, all the different transit systems that operated in Durham came under one jurisdiction. I think that's a very positive step. The kind of funding that the province has made available through the extension of the subway system north into York region is a very advanced move that is necessary and will deal with some of the transportation issues there. The same thing with respect to the funding of the two transit systems in Brampton and Mississauga. I think they're all part of trying to deal with the current gridlock situation that we have, but also with the anticipated growth that's going to take place over the next 25 years.

So yes, we have been very much involved in setting out the overall parameters as to what the planning will look like for this part of Ontario, but always realizing that the final decisions with respect to how that particular growth is to be accommodated within each municipality and within each region should be a local responsibility and should be done by the local councils and the regional councils. We've set the broad guidelines, the parameters, through the provincial policy statement, the GTTA plan, the greenbelt and Places to Grow, but it will be up to the local and regional municipalities to actually see this implemented. I think this is the way to go if you're going to plan for an additional 3.5 million to four million people in this area.

Mr. Arthurs: This morning I had the opportunity to attend, for a couple of hours, a one-day—for all practical purposes—conference hosted in Durham region by multiple players, including the Greater Oshawa Chamber of Commerce as one of the principals to co-host, and the Mackie Group, which is a very significant business enterprise that has grown over the years from a local entity. They called it the Durham Economic Prosperity Conference and they had a number of speakers there today. They're looking at economic opportunity on a goforward basis. They identified, really, four primary drivers for them right now, including:

—the automotive sector, and General Motors has a very significant play in that;

—energy, and obviously OPG, with two nuclear facilities. About one third of provincial power comes out of Durham region. The lights would probably go off in Toronto if we didn't have those power plants up in Durham region; and

—agriculture and tourism as two other very significant industries.

Interestingly enough, on the agricultural side, about 63%, I think was their number, of farms are still privately owned, as opposed to land that is being rented for farming purposes. As I understand it, in the other 905 regions, that's really flipped. More and more of the land is coming under rental activity and probably less and less of it is directly owned. I'm sure that's not the case in other parts of Ontario, but it's the essence of the property surrounding Toronto.

Municipalities are key partners in all of those activities. As the discussions were going on today about economic opportunity, whether it be the regional municipality of Durham or each of the eight lower-tier municipalities or the other orders of government, depending on how one looks at it-three or four orders, depending on who you talk to on a given day, I guess—certainly municipalities like to be thought of as an order of government as opposed to a level of government, because it positions them well to work with their partners at the province and you, under your leadership, with the MOU that was established early on, the entrenching of that MOU into legislation to ensure that we, as a provincial government, had our municipal partners directly at the table with us on various matters of interest throughout Ontario. That was one of those key elements, along with things like four-year terms, as to how municipalities fulfill their objectives on working on economic opportunities as well.

Those are some of the things that are going on in one of those regions, and I know that similar things are happening throughout the regions. The greenbelt, as you said, is a landmark piece of legislation, establishing, for generations to come, opportunity. When you established the greenbelt, you put in place a Greenbelt Council, and one of those members happens to be the member from one of my constituent municipalities out of Uxbridge, Mr. Howie Herrema. His father used to be the regional chairman, and he follows in good footsteps in that regard as a member of the Uxbridge council as well. Any sort of update on the activities of the council, some initiatives that they're undertaking that would be of interest to this committee?

Hon. Mr. Gerretsen: They meet on a monthly basis. It's very capably and ably chaired by Dr. Elgie, who, of course, was a prominent physician and a member of the Davis government, I believe, and maybe the Miller government as well, after that—an individual who certainly believes very strongly in the notion of a greenbelt. It's composed of eight members. Currently, we do have one vacancy and, hopefully, that will be filled soon. In addition to Dr. Robert Elgie, we have, as you mentioned, Howie Herrema on there. I, too, used to know his father quite well when he was the regional chair there a number of years ago. Then we have Russ Powell, Donna Lailey and Dr. Clay Switzer.

There's also a committee on the greenbelt in the Niagara region specifically dealing with the grape-growing industry there. The committee includes Dr. John Middleton and Rebecca Wissenz, who I believe is the president of the Hamilton Chamber of Commerce, if I'm not mistaken.

In February of this past year, the Ontario Greenbelt Alliance issued a report entitled Greenbelt Report Card: Grading Implementation and Progress in Year 1. You may be interested in knowing that it grades the provincial government in five key areas. Protecting the top 10 greenbelt hot spots: We were given a B minus; dealing with challenges from municipalities; making the green-

belt greener: We were given a B plus; expanding and building highways: D; and ensuring adequate resources: A. The Greenbelt Council deals with all the various issues that come before the ministries that relate to the greenbelt, and they give us advice as to how to deal with the various issues that confront us.

**Mr. Arthurs:** You also mentioned Dr. Robert Elgie at the beginning as the chair of the Greenbelt Council.

Hon. Mr. Gerretsen: Yes.

**Mr. Arthurs:** You mentioned that he served with Premier Davis and Premier Miller. Was he one of our appointees?

**Hon. Mr. Gerretsen:** Oh, yes. We wanted to make sure that the best possible person was appointed to that position. We were very pleased to appoint Dr. Elgie.

Mr. Arthurs: In light of some discussion today that went on during question period in regard to appointees-I think it was the leader of the official opposition who was taking some exception to appointees and having them adequately acknowledged in some form of per diem or salary if it's a full-time activity. Many of these positions are also volunteer positions. So they actually gain nothing from it, save and except good public service. They're not really looking for anything in particular. In respect to Mr. Elgie, it may be some compensation per diem; it may be just his expenses. Nonetheless, I find it interesting and appropriate that we look to the best possible people available to us to be able to provide service to the province of Ontario. It's interesting that we're having this conversation at estimates today in light of what transpired in the House just a couple of hours ago.

1700

Hon. Mr. Gerretsen: You may be interested in knowing that all of these individuals do not get any compensation other than the expenses that are involved in coming to various meetings, but they're all extremely dedicated to making sure that the greenbelt works. They believe in it.

In this part of Ontario, we're extremely fortunate to have the features of the Oak Ridges moraine, the Niagara Escarpment and the greenbelt that adjoins those two very distinctive features as part of our natural landscape. We look forward to further reports from them. As a matter of fact, I believe I'm meeting with them next week sometime.

Mr. Arthurs: My former colleague and good friend Roger Anderson, chair of Durham region, has recently completed his two-year mandate as president of AMO. Roger can be brusque at times and pretty direct along the way, and I think probably you found that in dealing with him, as have others. Once you get beyond that tough outer skin, there's a soft underbelly to him in many ways.

Hon. Mr. Gerretsen: Well, you want to know something? I never found out that aspect of Roger's character. We always got along in a most friendly fashion. I don't want to speak for him, but he knows that this government wants to deal with the municipalities in a respectful and forthright manner and that this government

has absolutely the best interests not only of municipalities but, what's even more important, has municipal residents in mind. We always got along extremely well and I never saw that side of him. I'd be very surprised if he was really like that.

Mr. Arthurs: There have been occasions at Durham regional council where probably there would be those who would disagree with you on a given day, whether they were members of regional council or deputants. Nonetheless, having served his time both from that standpoint and turning his attention back to the region more directly for now, although sitting on FCM, you now have a new president of AMO and I would anticipate that you're expecting great things from the new president during his mandate.

Hon. Mr. Gerretsen: That's Mr. Doug Reycraft, who's the mayor of Strathroy. He's a former—isn't it Strathroy?

trainroy?

Mr. Wilkinson: Yes.

Hon. Mr. Gerretsen: Yes, it is Strathroy. He is also, of course, a former member of the Legislature, so he knows how the provincial side of things work as well, But, you know, Mr. Anderson will still be part of the AMO MOU committee as the past president, and we look forward to working with him and the rest of the committee for the next two years.

Mr. Arthurs: I think one of the most significant accomplishments in that process, from my perspective—because we've talked about downloading and uploading so often—was the uploading of ambulance. I recall during the 2005 AMO conference—in which we were taking deputations; I was taking some deputations on behalf of the Minister of Finance at that point in time—the consistent call we heard during that process, and prior to that, was that the downloading of ambulance was really killing the municipalities and their financial capacity to provide a level of service that was expected by their constituents, and be able to finance that. I think that was a very significant move we made to rectify that situation and a very significant upload of fully shared responsibility as it first was anticipated.

Hon. Mr. Gerretsen: It's a commitment of \$300 million over the next three years to make sure that it's back to a 50-50 cost-shared basis. It was always intended to be a 50-50 cost share, but as you and I know, the previous government decided to put a limit on the increase in the yearly amounts it was going to provide for the service. This caused the 50-50 split to be sidetracked in a lot of cases to being a 60-40 split: 60 for the municipalities and 40 for the province.

The Chair: Folks, we're now on our last round of this day, so 20 minutes to the official opposition. Mr. Hardeman.

Mr. Hardeman: I too agree that the current president and the past president of AMO are both fine individuals and well versed in the municipal field and also very capable of representing municipalities in the province. I commend them both.

I just wanted to clarify that the point made during question period today had nothing to do with the good

citizens of this province, regardless of their political affiliation, who are serving free, gratis, on behalf of their communities, as the ones on the greenbelt board are doing. That was talking about where the government has decided, for some people who are not doing it gratis, their wages will be increased by over 300%. That was the question, not people who were volunteering their time to help us provide a better community for our people. I want to make sure that no one assumes that anyone in this Legislature, from either side of the House, would condemn people who are willing to volunteer their time to improve their community. I wouldn't want that to be there.

I would like to, if I could—and I know I haven't done a very admirable job of this—get to the figures on the estimates. I think it was pointed out by my colleague from the New Democratic Party that we should talk about the estimates somewhat, so if we could go to the actual financial statement.

First of all, I just want to ask a general question. In the estimates, where would I find the amount of money allocated to help municipalities in the training for implementation of all this new legislation? I think you spoke of 12 new pieces of legislation since you've been minister. Where would I find in the estimates how much is being spent to help municipalities cope with these dramatic changes?

Hon. Mr. Gerretsen: Of course, not all 12 pieces of legislation affect each and every municipality. I think that's the first point that should be made. I do not believe, other than perhaps some training funding with respect to the building code and issues like that, that there is a specific line set up for municipal support dealing with new legislation that's come forward. But I don't think any government has done that in the past at all. It may be that in isolated cases they have, but you will not find any specific line that compensates municipalities for implementing the new legislation that may affect them.

**Mr. Hardeman:** If we go to page 4 of your estimates, ministry administration program, the first section starts with salaries, employee benefits, transportation, and then services for \$12,652,000. Could you tell me how much of that cost is for communication consultants and advertising?

**Hon. Mr. Gerretsen:** You're talking about page 4. I'm just wondering what you're referring to. I've got the estimate book here.

**Mr. Hardeman:** Well, it's got a little "4" just above where it says "the estimates." I expect mine is a copy of the actual page. It's the ministry administration program, vote 1901, standard accounts classification.

**The Chair:** This is ministry administration, 1901-1, right? In the official copy, you're looking at page—I'm just getting to the numbers.

Hon. Mr. Gerretsen: Page 57?

The Chair: His is more detailed. So 1901-1—

**Mr. Hardeman:** The subheading is 1901-1; the vote item number is 1901-1.

**The Chair:** This is ministry administration, operating expenses?

Mr. Hardeman: Yes.

The Chair: I think the problem is that Mr. Hardeman's copy is in a different order than the copy I have. We're talking about 1901-1, which is ministry administration, operating expenses, total expenses.

Mr. Hardeman: The first page is 1901. If we go four pages beyond that—the front page is not itemized; it's the total expenditures. The next one is 1902, then 1903 and 1901-1. That's where we start with the breakdown of the ministry's expenses.

Hon. Mr. Gerretsen: Okay. What was the question?

Mr. Hardeman: In the first section—salaries and wages, employee benefits, transportation and communication, and then services—we find that that's kind of a catch-all. I wonder if you could tell me how much of those services in that category are for communication consultants and advertising.

Hon. Mr. Gerretsen: I can tell you, first of all, that there is a difference of about \$6 million, because the OPTA system has transferred to the Ministry of Finance. That's why you see a change from the estimates of 2005-06 in the amount of \$5.9 million. I'll turn it over to the assistant deputy here as to whether or not he's got the actual figures with respect to communication contracts.

Mr. Barnes: We don't have that kind of detail in terms of how the estimates are actually produced. Communications dollars will flow into different programs, and they're covered—you're right—but if it is a purchased service, it'll be in the services line.

**Mr. Hardeman:** To the deputy minister: Is that answer going to be the same for the services in every one of these categories, that that's the catch-all and we don't know what it's for until we spend it?

**Mr. Barnes:** The largest component in services would be if we wanted to purchase a service, such as consultants and so on. That's exactly where research or undertakings like that would be.

Mr. Hardeman: Not having the information here, then, is it possible to get that information? I think it's rather important. If you look at the categories, that one is the second-highest category, exceeded only by salaries and wages. I think if we're going to discuss whether the money is being properly spent, we should be able to have the second-highest category broken down to understand what it's going to be spent on.

**Hon. Mr. Gerretsen:** We can endeavour to get that information for you and file it with the committee.

**Mr. Hardeman:** If we could go down that same page, we get to communication services—

**Hon. Mr. Gerretsen:** Sorry, you want a breakdown of the item called "Services" for \$12,652,000?

Mr. Hardeman: Yes.

Hon. Mr. Gerretsen: We'll get that.

**Mr. Hardeman:** I think we're likely going to run into the same on the next question. If we go down to communication services, the \$492,600—

Hon. Mr. Gerretsen: Sorry, you're now on what page?

Mr. Hardeman: The same page.

**Hon. Mr. Gerretsen:** I don't see any \$492,000 figure anywhere.

Mr. Hardeman: Am I working on last year's estimates?

The Chair: No, because the number you reported was accurate. I just think the way it's presented on your page is slightly different from the way it's presented on ours.

Mr. Hardeman: You mean somebody made a special

copy just for me?

The Chair: I think they may have amalgamated some charts or something. But certainly when you spoke about the \$12.6 million in services, that reflects what I have in my book.

**Mr. Hardeman:** Okay, now we go straight down the page to sub-items, main office. Maybe that's where I'm wrong. Maybe this is the breakdown of the top of the page.

The Chair: Regardless of the level of expense, you're

asking a particular question about a line item.

Mr. Hardeman: Yes. I guess just for clarification, we need to know we're all on the same page so we know what guestion I'm asking.

The line item for communication services: The subtitle is "Services." It starts with salaries and wages, employee benefits, transportation and communication, and then services again for \$492,000. The question is, is that part of the \$12 million or is that added on?

Ms. Pam Skinner: I believe you're looking at a different document than what we have in terms of the estimates briefing book. You've got a detailed breakdown that we don't have in front of us. I'm assuming, then, that what you have is a subcomponent of the larger figure. In the estimates briefing book, we have the rolled-up figure but not the breakdown you're referring to.

Mr. Hardeman: The question is, if this is not a page

out of the briefing book, where did I get it?

**Hon. Mr. Gerretsen:** Well, maybe you've got sources that I'd like to have too.

**Mr. Hardeman:** I didn't create this. The ministry doesn't have two sets of books, does it? This is getting confusing.

Hon. Mr. Gerretsen: Not since we've been the government. I have no idea what it was like in your day.

Mr. Hardeman: I guess I could maybe just generalize, then. I would like to know, as it goes down the list of the total administration of the ministry, in each category we have services listed, and I'd like the breakdown of how much of those services from combined departments go to communications consultants and advertising. I think that would solve the problem.

**Hon. Mr. Gerretsen:** We'll endeavour to get that for you.

Mr. Hardeman: This is another question, an extension of the same page. I don't know if you can find it in any documents, but it's under "Legal Services." "Salaries and wages" is at \$48,100. I know some of the legal services in your ministry, Minister, and you're not going to hire many of them at \$48,000 in the aggregate, so I'd

like to know how we're paying the good folks. In fact, in the phone book, there are 19 people working in that department. If we split the \$48,000, that's not going to be a lot of money for them.

Hon. Mr. Gerretsen: It's my understanding that you may be looking at the public accounts and that it's a misquote of what was paid to a part-time lawyer at the time on a contract basis.

**Mr. Hardeman:** Are you suggesting that I'm not looking at the estimates?

Hon. Mr. Gerretsen: I have no idea what you're looking at. I have in front of me the Results-Based Plan Briefing Book for estimates. I've no idea what the legal requirements of this committee are or what documentation we have to provide to the members, but I've just followed the rules of the normal procedures. If you have some further inside information, I would like to have that as well. Can you share it with us?

Mr. Hardeman: Yes, Minister. Anyone, not only at this committee but in the public, is welcome to the information I have. I'm just somewhat surprised that you don't have it, because it is entitled, "Ministry of Municipal Affairs and Housing: Ministry Administration Program, Standard Accounts Classification." I didn't create it.

**Hon. Mr. Gerretsen:** What year have you got there? Is it 2006-07?

Mr. Hardeman: It says 2006-07.

The Chair: Do you want to move on and come back?
Mr. Hardeman: Okay. I guess for clarification we do need to find out what books I've got and what I haven't got so I can ask questions that may be relevant.

To leave that for a while, to leave the actual estimates, I have questions on some of the arm's-length involve-

ment the ministry has.

On MPAC, we all know the government this year has frozen the assessment. I can assume, from freezing the assessment, that we don't have MPAC out there doing the assessments and then throwing away the results just because they can't send them to the municipalities. I'm going to assume that they are not doing reassessments this year. How does that reflect in the ministry's spending or in MPAC's spending as it relates to all the staff they have who were prepared to do a reassessment each year and now they're not going to do it?

Hon. Mr. Gerretsen: There is no direct relationship or otherwise between the Ministry of Municipal Affairs and Housing and MPAC. MPAC, the way I understand it, is a separate organization that the municipal world pays into, and it operates by the rules and regulations as set out by the Ministry of Finance. I know that within the municipal world there is this notion around that somehow Municipal Affairs and Housing is involved with MPAC, but we're not. I believe at one time we may have been, years and years ago, and that it has sort of circulated back and forth between Finance and Municipal Affairs and Housing. But we are not directly involved in the assessment process or how MPAC operates. We have no relationship with them, really, which is different from the

perception that's out there, because I know we get a lot of questions about that as well.

1720

Mr. Hardeman: I appreciate the answer. I know that the financial documents for MPAC are available for 2005, but they're not available for 2006. The question then is, can we get that through the Minister of Finance, or is it an arm's-length company? The reason I ask—I understand how MPAC is structured, but it was reviewed by the Ombudsman of Ontario and that's what precipitated the freezing of the assessment and the review being done on the operations of MPAC at present. If it's being monitored and looked at by our Ombudsman, does that mean our government has some financial information on it? Where would I get it if I was, say, looking at the estimates for the province? Would I get it from the estimates for finance or—where would we get that information?

Hon. Mr. Gerretsen: The way I understand it is that MPAC is an arm's-length organization that serves the municipal world. It was set up when your party was in power a number of years ago. The reason the Ombudsman got involved is because it is regarded as a crown agency, board or commission and therefore he has jurisdiction to look into the affairs of that organization, the same way he has jurisdiction to look into the affairs of different ministries etc. That's the only connection I'm aware of that exists there. We don't have any connection with them as such.

**The Chair:** The governing legislation for MPAC actually falls under the purview of the Ministry of Finance, so the act is actually under another minister.

Mr. Wilkinson: Just to help my colleague Mr. Hardeman, who, I believe, like me, is a former vice-chairman of MPAC, I'm sure he'll recall that it is the Ministry of Finance that has line responsibility and that MPAC is responsible to its stakeholder, which is the municipalities of Ontario, not the government of Ontario.

**The Chair:** We'll continue, Mr. Hardeman. You have another three minutes or so in this particular round.

Mr. Hardeman: On that, I will leave MPAC. I appreciate the comments from the members opposite. Yes, I do know the structure. I was just wondering what authority was used to freeze the assessment. Obviously, it had a great impact on municipalities. It changed how they do their business. Did you, Minister, have any input into whether that was good or bad for the municipalities?

**Hon. Mr. Gerretsen:** Did I have any input into that? No. It was a decision, I believe, that the government took as a whole. It was a government decision.

**Mr. Hardeman:** Chair, I just got here something that came off the Internet and it has the heading of "The Province of Ontario." This is the document from which I was asking the question, so I would ask if the ministry could—

Hon. Mr. Gerretsen: Oh, you got that off the Internet.

**Mr. Hardeman:** Another copy was just presented here to me. I'm not computer-literate, but it says, "This is

the version you have and it's publicly available," so I presume the ministry has it too and I would ask if the ministry could get the copies so we could ask the questions and be on the same page.

The Chair: With the assistance of my hard-working bench here, I think I've gotten to the bottom of it. Their estimates are also printed in a different format in the Expenditure Estimates 2006-2007 prepared by the Minister of Finance. They're the same numbers, except they have a greater level of detail. That's what Mr. Hardeman was quoting from. We'll make sure that copies of this go to the minister and his colleagues and the members here at the table so they're aware of this other presentation that exists in the finance document.

Unfortunately, Mr. Hardeman, your time has expired for this round. Hopefully, there will still be time to come back to some of those particular questions. In the meantime, we'll share with the minister and colleagues around the table the different presentation. It was, in fact, the same numbers, but there's just a bit more detail in certain areas.

With that, I'll go to Ms. DiNovo for her 20 minutes.

**Ms. DiNovo:** I find it astounding that with a housing crisis in the province of Ontario, we've been speaking in this go-round of transit systems, suburban development, greenbelt, old friends, capable individuals, implementation of legislation and budget lines. So back to housing.

First of all, my esteemed researcher has provided me with some details that I'm afraid were lacking from Mr. Minister and his staff here. I'm looking at the for-profit units, the third/third/third that you gave me, so we have over 500. Apparently, almost none of the units are aimed at those who can afford to pay 30% of their income. I will give you an example of this: On September 7 of this year, the Ministry of Housing announced a project that was developed in Toronto by Verdiroc Development for lower- to moderate-income families and single persons. This is an example of a type of housing being provided under the program. The project consists of 232 supposedly affordable rental apartments—that's almost half of those for-profit apartments—and receives \$6.7 million from the federal and provincial governments combined, about \$28,200 per unit. Affordable rent is considered on par with the average market rent as determined by the Canada Mortgage and Housing Corp. In the case of the Verdiroc development, rent prices are at par with the market average and are as follows: A bachelor is \$726 per month; single bedroom, \$889 per month; a twobedroom, \$1,060 per month; a three-bedroom, \$1,265 per month. They say they have some rent-geared-to-income units. But clearly, as advertised, most of the units in Verdiroc are well above the rent of \$372 a month. Remember, we based this on a person making minimum wage, assuming a 40-hour week; or, say, a single senior earning a basic pension who could afford a rent of \$376 per month; or even a single person receiving Ontario disability support program, who would be allowed a maximum of \$427 per month; or certainly a single person receiving Ontario Works, where they are permitted only a

maximum of \$335 per month. So none of those individuals could afford most of the units at Verdiroc.

Again I would ask, Mr. Minister: When it comes down to it, how many units that are actually occupied, that have been built and occupied, are actually available to those who are on these incomes and can only afford to pay 30% of their wage to rent?

Hon. Mr. Gerretsen: It's all part of the affordable housing program. It's my understanding that these units for the city of Toronto are below market rent. These are projects that were advanced to us by the city of Toronto; is it Cityhome? It's part of the corporate part of the city of Toronto council that approves these projects. They fall within the guidelines of affordable housing. Some of them have much deeper subsidies than other housing. I could refer you to Lester B. Pearson Place, for example, which is a seniors' project, or to the St. Clair Multifaith Housing Society. They have deeper subsidies than that, units that are occupied as well. They are below market rent and they come within the affordable housing area.

Ms. DiNovo: But, excuse me, Minister, hardly affordable to the people who are earning the least and hardly affordable to the 122,000 households that are waiting for these now getting fewer and fewer in our estimates actual units

Again I ask the minister: What are you planning on doing about the housing crisis in this province and in this city? How are you going to address this: 122,000 households? This represents children. We have one in six children in this province who are living in poverty. We have people dying on the streets of Toronto. What are you going to do about it?

Hon. Mr. Gerretsen: As I mentioned before, for 10 years nothing happened in this province. We're back in the affordable housing business. We have an agreement with the federal government that basically allocates some \$602 million towards affordable housing. We've got a number of different programs. They're all contained in our information booklet that I'm sure you have, or if you haven't, we'd be more than happy to supply it to you. It's got a housing allowance program, a rental and supportive housing program, a home ownership program—

Ms. DiNovo: But no actual units available for people who need them at this level of income.

1730

Just to move on from there, I understand that your government has an incredible surplus—you've announced it to the press—so obviously money is not the problem. Is it will?

Hon. Mr. Gerretsen: You'd have to talk to the Minister of Finance with respect to any surplus that we may have at any given moment.

The will is certainly there, as has been indicated, with the kind of allocation of funding that we've made available, together with our partner, the federal government. We hope that the housing trust the current federal government has set up to protect the money that was announced by the previous federal government will be available as soon as possible as well. It's an issue, and

we're doing absolutely the best we can on an ongoing basis. But as you well know, there are all sorts of different priorities in government.

**Ms. DiNovo:** And unhoused children are not part of those priorities.

Hon. Mr. Gerretsen: Children definitely are a priority. I think that the housing component is only one part of that. The smaller class sizes that we have for particularly younger children in the education system are a priority as well.

Ms. DiNovo: Excuse me, Mr. Minister; just to get back to housing—

Hon. Mr. Gerretsen: Well, don't-

The Chair: Minister, it's the member's time to ask questions and give you a chance to respond to the questions.

**Hon. Mr. Gerretsen:** I was just trying to respond to the question.

**The Chair:** I think we've gone a bit beyond the estimates, so the floor is Ms. DiNovo's.

Hon. Mr. Gerretsen: She made the comment that children were not a priority and I just wanted to counteract that. I do not agree with the sentiment that she expressed at all.

The Chair: You answered it just fine.

**Hon. Mr. Gerretsen:** As long as she doesn't put words in my mouth, that's fine.

The Chair: Minister, thank you very much. I gave you plenty of time. Please respect the committee member's time to ask questions. Ms. DiNovo.

**Ms. DiNovo:** Maybe we'll get onto easier turf here. I believe also that there's an affordable home ownership component to the program. Is that correct?

Hon, Mr. Gerretsen: That's correct.

Ms. DiNovo: How many homes have been built under this component?

Hon. Mr. Gerretsen: Five hundred sixty units have actually been built. The total number that has been approved is 3,940, so there are about 3,400 under construction right now. As well, there is a northern housing component to it of 1,350 units, which basically will be used to upgrade the existing social housing units in northern Ontario.

Ms. DiNovo: Are these mainly condos?

Hon. Mr. Gerretsen: Are they condos? They're all different housing types: condos, townhouses. In rural areas, they tend to be single-family homes or duplexes.

**Ms. DiNovo:** What would the typical price of homes under this component be?

Hon. Mr. Gerretsen: Do you have that information?

Mr. Barnes: Of the homes that we've built, the home ownership ones in Toronto, the most recent one is Wave. I believe they start in about the \$200,000 range. But all of these projects have different ways of dealing with it. There's also a take-back mortgage by the developer that provides additional subsidy. We also have one project in Scarborough, one in Markham and one in Pickering that have been developed by Options for Homes, which is non-profit. That organization has a take-back mortgage of their own as well.

So there is more than just the current subsidy that's being looked at when you ask for the sale price. In fact, what they try to do with this is to drive down the actual mortgage cost that an individual has to pay. Part of what they do in the Options for Homes one is that you pay off the mortgage first, then you come back to the Options for Homes component. So you do build equity on your own mortgage to start, and that's based on a rent-geared-to-income proposal that they use.

**Ms. DiNovo:** Supposing you get 100% mortgaging. With everything else thrown in, what would be your monthly payments on a \$200,000 unit?

**Mr. Barnes**: If you were paying a mortgage on \$200,000, it would probably be just less than about \$1,800 a month.

**Ms. DiNovo:** So \$1,800 a month. Again, I draw your attention back to the person making minimum wage, 40 hours a week, and needing to pay 30% of that. Again, these figures—\$372, \$376, \$427, \$335—this is not affordable housing for them.

Moving right along, there was a wonderful article in the Globe not long ago written by Gary Mason. He looked at the innovative programs that are happening in New York city to help with the homeless. I'm talking about people at the very lower echelons of income, those who are living on our streets and dying on our streets every year, and who need supportive housing-not just affordable housing, but supportive housing. He discovered in his study that it actually cost more for folk to be on the street. This is dollars and cents; this has nothing to do with ethicality. In his study, he figured it cost about \$40,000 a year in terms of police, health, shelter costs etc. to keep somebody on the street, whereas even in the worst budget scenario, it costs about the same to house them. It seems to me, in terms of tax dollars, it makes a lot more sense-not to mention morality-to house people rather than to pay for them to be on the street. I was wondering, Mr. Minister, if you could comment on that study and on that reality.

Hon. Mr. Gerretsen: I haven't seen the study. I agree that for some individuals—because I, too, am familiar with the fact that quite often shelters get \$45 to \$50 a night for an individual. If an individual is there for a month, you'd say to yourself, "Wouldn't we be better off if we paid the individual \$1,500 rather than paying it to a shelter?" The individual would probably make better use of that money. But I think all of the problems you indicate—and they're very severe and they're certainly something that we as a society and as a government should look after; I totally believe that—are more of an income problem rather than a housing problem. I suppose to the individual who needs the housing, it makes no difference.

The reality of the situation is that any new housing we create—yes, in some rural parts of Ontario it may be cheaper than it would be in downtown Toronto, because of the land costs and all the various associated costs therewith—to actually carry that housing, even if it's a \$130,000 or a \$140,000 unit that you're creating some-

where, is going to cost a lot more than what an individual of limited income can afford. That's an income problem—not so much a housing problem, but an income problem. Maybe there are other ways of dealing with that issue, and certainly we need to do that. That's one of the reasons we got involved in the housing allowance program. Those are the units that are out there right now. They're not being occupied and we're trying to get people in there by, in effect, subsidizing the rents. The subsidy dollars obviously go to the landlord, but it also allows a person to be in that unit at a lesser cost. Those units are available right now.

With any new program that you start up, when you look at the planning, the approvals that you need to get and the actual building etc., you're looking at two to three years from the time a project is in the concept stage to the time when it actually gets built. Had we wanted to move along with this program quicker than we have? Absolutely. We're doing our best to move it along as quickly as we can, and we certainly hope that over the next year or two many more units will become available, the units that are currently in planning or under construction etc.

Ms. DiNovo: Again, I go back to the figures you've admitted yourself and which I've hopefully shed some light on. Really we only have a matter of probably less than 1,000 affordable housing units-much less, most likely, although we can't know for sure until you get back to us—built in three years that could conceivably be afforded by the poorest in our society, those 122,000 households that are waiting on waiting lists of five to 10 years, moving slowly, yes-an understatement, I thinkabsolutely moving slowly, perhaps not moving at all. New York city is a classic example. They decided they had 20,000 or thereabouts homeless or underhoused and they built 20,000 housing units. Again, I've just pointed out that it costs as much to keep someone on the street as it does to house someone who is homeless. So why aren't we building housing? I come back to that: Why are we not building housing?

1740

Hon. Mr. Gerretsen: We are building housing, but it takes longer when you take the planning and the actual building into account etc. I think the fact that we've got 3,500 more units of additional rent supplement units in existence right now than we had before—I mean, those 3,500 units are occupied by individuals and families who didn't have that housing available for them at the more affordable rates than it currently is, and they're being subsidized, by the way, at a rate of about \$600 per month on average.

**Ms. DiNovo:** I only have a few minutes left, Mr. Minister, and thank you for sharing with us.

Just perhaps a suggestion: I represent the Parkdale—High Park riding. We have a lot of gentrification. It's pretty typical of a big city. We are thrilled of course that old houses are being fixed up, but at the same time they're being fixed up, we're losing affordable housing. We're losing affordable housing in high-rises that again

are fixed up by developers who then have to raise the rents. Immigrant families, refugee families, families with many children are finding themselves homeless and in shelters because of this.

Vancouver, I hear, has a very innovative program where 25% of any new developed property has to be given over to affordable housing. Do we have any plans like this under way in Toronto or in Ontario?

Hon. Mr. Gerretsen: Let me put it this way: We certainly have set out in our provincial policy statement strong statements with respect to intensification, particularly along transit and transportation routes. I know that the former government, namely the NDP government, had set out specific targets for affordable housing in newly built areas and maybe redevelopment areas as well, but they didn't meet any of those targets.

We are doing it proactively, encouraging municipalities to utilize the PPS in their own official plan policies in order to make it happen. The city of Toronto also has the ability to stop condo conversions of existing housing now, as a result of the new City of Toronto Act, once it's proclaimed etc., which it didn't have before. I think all of these methods are a way in which we're giving local councils the ability to start dealing with these issues. As well, we have to at the provincial level, through the various housing funding programs.

**The Chair:** You still have time for one last question, if you so choose.

Ms. DiNovo: I just thank you for sharing on behalf of the 122,000 people and their children who are waiting for housing. I'm sure your words will come as pretty cold comfort this winter when many of those children are looking at shelters, looking at less-than-optimum housing situations, particularly recent immigrants and the homeless in my riding, many of whom may very well die on the streets this winter. Thank you.

The Chair: Government members, you have about 16 minutes this session, which you can carry forward to the next day. Mr. Delaney.

Mr. Bob Delaney (Mississauga West): I just wanted to make a comment or two on the last very interesting discussion, follow-ons to some remarks that you made.

In the fourth quarter of 2005, I moved into a new home in Mississauga. I was listening to you describe the lead time to get affordable housing built and I thought, "Okay, this is kind of familiar." I remember we purchased the home in the second quarter of 2004, and in getting to know the developer as we watched it go up, I knew they had been working on that project since about 2002. This is a profit-driven developer who is highly motivated to deliver projects on time and has, in fact, a reputation for delivering the project on time. In our case, they were two weeks late, with our consent. So even among the most efficient, effective and profit-driven developers, there seems to be a lead time to completion of greater than three years. That didn't include land acquisition lead times, with which I was somewhat familiar in my long-time friendship with our local councillor, which would certainly take that particular project back to about the 1999 or 2000 time frame.

Personally, looking at the situation with regard to affordable housing in the region of Peel, I found it remarkable that assisted and low-income housing starts have gone as quickly as they have. We still have a long lead time to get access to Peel non-profit housing. However, I do know that the shovels are in the ground. the trades are actually at work and those units are either under construction or beginning, in some cases, to come on stream. The difference these days is that people who need affordable housing have one thing they haven't had in very many years, and that is hope, because you can look at sites and you can watch the units coming together. The people who sit there and deal with folks who come in and say, "Look, this is all I can afford," can say, "We know when the next group of affordable housing units are coming on stream and we have a reasonable estimation of when you may occupy some of them."

I have one or two other questions, but just in dealing with the lead-time issue, I am looking at this and saying that in only three years it's kind of remarkable, given that you had to go from a standing start in affordable housing. Can you talk a little bit more about some of these lead-time issues?

**Hon. Mr. Gerretsen:** What I can say about that is that when you're interested in developing a project, it always takes longer than you anticipate because of the approval process and everything else that goes along with that.

One of the changes that we did make was the fact that under the new-it's not the building code, but you may recall that we now have individuals who need to be qualified in order to present plans to a municipality, and building officials have to be qualified as well. The theory behind making sure that everyone involved in the building process is qualified to deal with plans is that municipalities will issue the building permits quicker than has been the case. That was the guid pro quo. If everyone who is involved in the approval process is qualified and certified etc., then the municipalities can turn around the building permit application. We've had some results on that as a result of the changes that were made earlier this year-and the name of the act escapes me right now. It wasn't the building code. It was Bill 124, which dealt with BRRAG etc. The whole idea was to expedite the building process. But it's basically a local function. The local community has needs that it wants to see met when an application is made, and all we can do is set out the parameters for that and then let the local function take place as far as their planning is concerned.

All of these issues usually take longer than we all like to see, especially for individuals who are looking for affordable housing.

Mr. Delaney: And even when they don't take longer than you'd like to see, they still take a long time. I'd like to switch the topic to—

**Hon. Mr. Gerretsen:** Could I just add one other thing?

Mr. Delaney: Go ahead.

Hon. Mr. Gerretsen: I think that there are some housing service managers who are much more proactive in this province than others, and certainly the region of Peel is one of the leaders in that regard. Peel, Kitchener-Waterloo and the city of Toronto are very proactive in developing non-profit projects etc. The reality is that some housing service managers are much more proactive. They know what to do. They get on to it. They know how to deal with the non-profit communities within their jurisdiction and they can just do it a lot quicker than others. They're probably the projects that are up and running right now, quite frankly. We need to be vigilant with the others to make sure that it keeps going.

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Mr. Delaney: Historically, actually, that philosophy has borne fruit. In one of the areas I used to live a number of years ago, at the four corners of Aquitaine and Montevideo in Meadowvale in Mississauga, one finds on the northeast corner modest starter homes that are semis, on the northwest corner townhouse complexes that were, in their day, and still are, very affordable, on the southwest corner Peel Housing, and on the southeast corner the biggest, fanciest homes in the entire neighbourhood. They all exist in peace and harmony and certainly contradict any form of NIMBYism with regard to the location of either high-density or non-profit housing.

To move on, during the past few years the government has reviewed the Municipal Act, circa 2001, and in fact has done that ahead of the legislatively mandated schedule. Could you describe for me, please, some of the progress that municipal affairs and housing made in that particular review?

Hon. Mr. Gerretsen: We basically went through the same process as we had earlier with the City of Toronto Act. We worked very closely together with AMO as far as the Municipal Act is concerned. AMO wanted to delay the process somewhat to see what would happen to the City of Toronto Act, so the City of Toronto Act was almost used as a guide to deal with a lot of the issues that are in the new Municipal Act.

You're right that the act was initially reviewed in 2001, and it was going to be reviewed in five years. We started the process about two years before that. As you know, it's going through second reading right now and, as I stated yesterday, we hope the new act will be in place by the end of the year, but that of course is always subject to the will of the Legislature.

The review that was conducted by the ministry basically consisted of three phases. It catalogued and collected all the various submissions that were made, not only by municipalities but by individuals, organizations, business groups, environmental organizations etc. It analyzed the issues with municipal and business stakeholders in working groups and developed options for change. This was a fairly lengthy process and, as a result of that, the legislative changes that are set out in the act were sort of put together.

Some of the issues that were raised during the consultations were that new spheres of jurisdiction should be included for matters relating to health, environment and emergencies. One of the issues I can specifically remember was the authority of business development corporations, particularly in downtown areas of many of the municipalities. It was felt that the rules and regulations that operated in setting up these business corporations were simply too restrictive, so we made sure, in the new spheres that we opened up or that we allowed in the new act, that the business development corporations not only in the downtowns but also in some of the other industrial areas of our communities would have as broad powers as possible.

The new act will deal with notice requirements, for example, that municipalities will be required to give in various activities that they're involved in. The municipality can set out those notice requirements, but it has to do so in bylaws rather than going to each individual act that deals with that particular subject matter, which sets out the notice requirements right now.

We've already talked about strengthening the ethics and the accountability framework, with the potential—and again in a permissive way—of appointing an integrity commissioner, a lobbyist registrar and a local ombudsman.

Municipalities will be given much greater authority with respect to business licensing. It will also be giving broader powers to local boards or what are commonly referred to, at least in some circles, as community councils. Right now, particularly in the city of Toronto, a community council is very restricted as to what it can actually do, and all the decisions have to be brought before city council. In the City of Toronto Act we gave the city the authority to delegate some of these powers directly to a community council. We've done exactly the same thing in the Municipal Act by allowing municipalities to delegate certain powers—not taxation powers but certain other powers—to local boards and commissions etc.

These are just some of the issues. I could go into some of the other issues as well that we've dealt with in the Municipal Act, but the whole tenor of the act is that it will be much more permissive legislation that municipalities will be involved in than is currently the case, but it's always on the theory that it's purely permissive. They're not obligated to make any of the changes that are set out in the Municipal Act.

Mr. Delaney: Chair, I have how much?

The Chair: Three minutes.

**Mr. Delaney:** Three minutes. Chair, I believe the government side will stand down but not cede its remaining time, unless any of my colleagues—

Mr. Wilkinson: It being very near 6 of the clock—

The Chair: It is very near, so this will leave you with seven minutes on the clock as we begin the session next week, as part of that.

**Mr. Hardeman:** On a point of order, Mr. Chairman: On the great discussion on whose documents and whose

books we should believe, I would just point out to the minister that the information from which I was asking the question is in fact a direct link from the Ministry of Municipal Affairs and Housing website to the Ministry of Finance. Further, it is pages 291 to 304 in your briefing binder. So from that, hopefully, as we proceed the next time, we will be able to get back to your documents and get some answers on it.

The Chair: Those copies have been shared through the clerk with all members of the committee, so we'll have those charts—

Interiection.

The Chair: Oh, they had them in the binder, yes.

Mr. Hardeman: They had them before because they were in the book.

The Chair: I'm new here as Chair.

Thank you to the minister and his staff, and members of the committee.

I'm going to now adjourn the committee until Tuesday, October 17, at 3:30 p.m. or following routine proceedings. We're planning to meet right here, in room 151. There will be one more round for each of the three parties, plus the last seven minutes of the government side. Folks, thank you very much and have a good evening. We're now adjourned.

The committee adjourned at 1758.



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Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Tuesday 17 October 2006

## Standing committee on estimates

Ministry of Municipal Affairs and Housing

## Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

# Journal des débats (Hansard)

Mardi 17 octobre 2006

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 17 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 17 octobre 2006

The committee met at 1548 in room 151.

#### MINISTRY OF MUNICIPAL AFFAIRS AND HOUSING

The Chair (Mr. Tim Hudak): The standing committee on estimates is now back in session. It's our last day with the Minister of Municipal Affairs and his team. It's been nice having you. I hope you won't miss us too much.

Hon. John Gerretsen (Minister of Municipal Affairs and Housing): I will. I'd like to go on for a couple more days.

I'd like to take this opportunity, by the way, to introduce a new member to our ministry community here who was unfortunately not here the last time: our deputy minister, John Burke, who is well versed in not only provincial municipal matters but also in the municipal affairs of the entire province, having served in various capacities in about four or five different communities.

The Chair: It is nice to see the deputy back, well rested. Welcome, sir. Of course, Doug Barnes, assistant deputy minister, housing division, and Pam Skinner, assistant deputy minister, business management division, are at the front bench.

When we last left, the government members had six minutes remaining in the rotation.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr. Chair, we're prepared to stand down that six minutes and start with a fresh rotation at this point in time.

**The Chair:** Thank you very much. That means the official opposition will have 20 minutes. Mr. Hardeman, are you ready?

Mr. Ernie Hardeman (Oxford): Thank you very much, Mr. Chair. I was hoping that with the government side standing down their 20 minutes, I would have 40 minutes. But obviously, that's not the case. I'm sure that won't matter, because I'm sure, with the deputy back today, the answers will be so forthcoming that I will get 40 minutes' worth of questions answered in the 20 minutes that have been allocated.

The Chair: No doubt.

Mr. Hardeman: Minister, I wanted to go to some of the program spending. The first one is COMRIF, the Canada-Ontario municipal rural infrastructure fund. A lot of my community have some concerns, partly about how the application is complicated and hard to go through, and secondly, real concern about the criteria of how their infrastructure is based on a lottery process, as to whether or not you're going to get funding this year, as opposed to real need. There seems to be less valuation of the need of the projects—one against the other—than just the lottery of where we should spend certain amounts of money. This isn't about who didn't get it and who did, but could I maybe get somebody to explain to me a little bit how you go about deciding who gets COMRIF funding and who doesn't?

Hon. Mr. Gerretsen: Before I turn it over to the deputy to explain the entire program to you in detail, I should tell you that the COMRIF phase two and three programs are no longer part of this ministry. It was transferred to the Ministry of Agriculture, Food and Rural Affairs, under the rural affairs component, in June 2005, so it is no longer part of this. But I can tell you, from having been involved in the first phase, that the process that was used was a federal-provincial process. I believe it was the first time that the application of this nature for infrastructure funding was done on a oneapplication basis. It was adjudicated upon primarily by our rural division—by the way, the same people who were involved when it was part of the Ministry of Municipal Affairs and Housing are still involved with the Minister for Agriculture, Food and Rural Affairs, because it was basically the whole rural affairs component that moved over. So the structure of the program is very much the same.

I can tell you that everything was done on a complete point-by-point analysis and assessment basis. The projects that were funded were sometimes only rated one percentage point higher than programs that couldn't be funded under the amount of money that was available. I don't know to what extent you want me to go on. They're not part of these estimates, but I'd be pleased to turn it over to the deputy, who could give you the parameters of the program as it existed then, and, as I understand, continued to exist under phase two. Phase three has just gone out for applications, I believe, by the end of September. Most of the applications are in right now, but it's not handled by this ministry directly.

**Mr. Hardeman:** Thank you very much. There's not much sense in going on with it if it's not part of these estimates, because obviously someone else has responsibility for that.

If I could then quickly go to the Ontario municipal partnership fund. I think it was mentioned earlier in the

discussions that it was a much more open process than what had previously existed under the community reinvestment fund, and everyone could understand it. But I find that my people aren't as quick at understanding it as the members of the government on the committee. For example, when I looked across the chart, there seemed to be a lot of municipalities whose numbers are frozen from one year to the next.

Minister, I wonder if maybe you or the deputy could explain why, in my community, Tillsonburg was frozen, the city of Woodstock was frozen and a couple of other ones weren't. Could I maybe hear why some people get increases and some don't, depending on the circumstances not having changed to any great extent from one year to the next, and recognizing that the estimates show that the freezing decision is made before the information is there to say how their finances are.

Hon. Mr. Gerretsen: I hate to repeat what I just said about the other program, but again, although within the municipal world we are looked upon by a lot of municipalities as being the originators of this funding—and to a certain extent I wish we were—this is a Ministry of Finance program. We have some input into how the program is designed and set up, but the actual funding mechanism is part of the Ministry of Finance estimates.

I can tell you this, however, and go over the criteria that we set out: The communities that were frozen, as you say in your sense, would have gone down to some extent under the new formula, because basically, when the program was redesigned, although the total program is up \$150 million more than we spent on it three years ago, within the parameters of that, there were some municipalities that got a substantial amount of extra funding and some municipalities that weren't as fortunate as they were under the old CRF funding. The ones that got the same amount of money basically got it because they would have gone down, except for the fact that the Minister of Finance decided in the last budget, last March, to make sure that those municipalities didn't go down in the actual funding, and they were in effect given exactly the same amount of money as the year before, which I think was, to the municipalities that received that funding, additional monies that came in to them, because they had been told the year before that in effect it would be declining to some extent. So the parameters, again, are that we introduced a new social programs grant component that basically meant that if your municipality was spending more money on social program grants than other municipalities of equal nature and size etc., you would be given certain credits for that. There were refinements to the police services grant, to give more support to rural communities and high policing costs. There was increased funding to northern and rural communities by basically enriching the funding parameters. So we felt, and I think history has shown, that the program is much more transparent to CRF funding, and many municipalities got substantially more money. There were some municipalities that weren't as fortunate, but even those municipalities, for last year, got at least the same amount of money as they got the year before, whereas they would have been told the year before that the amount they were going to get was actually going to be less than they ended up getting.

Mr. Hardeman: So from that, am I to understand that in fact the ones that I looked at on the chart, that I see are frozen, don't need—using the same criteria, they're better off than the neighbouring municipality that got all kinds of money?

Hon. Mr. Gerretsen: When you take into account the four factors that determine your Ontario municipal partnership funding allocation, I'm not going to sit here and say that some municipalities are better off than others. That's up to the local councils to determine and decide. But looking at the four factors that we take into account for this particular program, yes, they would be better off than other similar municipalities, taking these same program guidelines into account.

Mr. Hardeman: The other program is the Ontario Strategic Infrastructure Financing Authority. I believe that's a program that you're just the banker for; is that right?

**Hon. Mr. Gerretsen:** No. I'll turn to the deputy to explain that program.

**Mr. John Burke:** I think the funding that's provided for in that program is largely capital for transportation. So you would likely find the bulk of the money allocated through that program to be transportation, MTO money.

**Mr. Hardeman:** Maybe we need someone else here, because isn't this the bank that you can borrow from as opposed to grant from?

Hon. Mr. Gerretsen: Oh, you're talking about

Mr. Burke: Okay. Is it OSIFA—I'm sorry; I thought you were talking about the infrastructure fund.

Mr. Hardeman: It's okay.

Hon. Mr. Gerretsen: Sorry. The assistant deputy minister, Dana Richardson, will answer this one.

The Chair: Dana Richardson, assistant deputy minister responsible for—

Ms. Dana Richardson: Local government.

The Chair: Thank you very much.

Ms. Richardson: The program that you made reference to is actually managed through the Ministry of Finance. What it does provide is low-interest loans for municipalities that are eligible for investing in infrastructure projects. The types of projects are usually long-term in their nature and the type of interest rate that's provided is lower than would otherwise be available through other financial institutions. So there is a benefit to those municipalities for borrowing from that particular fund.

Mr. Hardeman: Could you explain to me the big advantage to it? Is your interest rate less?

**Ms. Richardson:** That's right. So they have less borrowing costs when they are looking at actually spending money on infrastructure programs.

Mr. Hardeman: What does the ministry set the interest rate at? Maybe you said that and I didn't hear it.

**Ms. Richardson:** They do vary from time to time. I don't have percentages right in front of me but I could definitely get those for you.

Hon. Mr. Gerretsen: Basically, the program allows the government to borrow on behalf of municipalities that want to be part of this program, so that as a result of the bulk purchasing of financing, in effect, the interest rates can be lower and, what's even more important in a lot of cases, the service charges can be a lot lower than if each municipality had to do it on its own.

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**Mr. Hardeman:** I guess I don't understand it. When we met quite a while ago with the Minister of Infrastructure Renewal, one of the things that he was promoting in the health care field was to get the government out of borrowing the money and let the private sector do the borrowing, because that was going to be more economical. How do we make the ministry borrowing more economical instead of someone else borrowing it?

Hon. Mr. Gerretsen: It's a question of the ministry borrowing it on behalf of a number of municipalities or each one of these municipalities borrowing it themselves. The municipalities are still on the hook, as it were, for their portion of whatever's being borrowed, but the fact that, in effect, it's underwritten or guaranteed by the government allows for better rates and better service charges.

Mr. Burke: I think the only thing I would add to that is that it's the municipality's decision how they're going to finance their capital programs. The province actually doesn't dictate that to them, as Γm sure you're well aware. The municipalities decide how they want to finance it, and as the minister says, the advantage of the amount is the pooled nature of it. All the municipalities identify what their capital needs are, what their borrowing needs are. The province goes to the market in a comprehensive package way. The bulk actually gives them, if I can use the term, a discount, and the fees are discounted as well because you're really going with one offering, as opposed to many offerings if each municipality was doing it.

Interjection.

**Mr. Burke:** That's the other thing, too. They get to choose the amortization, how long it takes to pay back that loan.

**Mr. Hardeman:** There's nothing in the estimates that would tell me what the difference is between what it would cost municipalities to do that as opposed to going to the local market and borrowing their own money?

Hon. Mr. Gerretsen: No, because basically—does the total borrowing show up on the provincial books? If it does, it would be within the Ministry of Finance. We are basically just a broker on behalf of all the municipalities to pool the requested loans that they require together in order to make the financing as cheap as possible. But it's not a grant program. Obviously, municipalities would prefer a grant program rather than a loan program. Particularly for the smaller municipalities, I think there's a tremendous saving as far as administration is con-

cerned, as far as interest rates are concerned, but I certainly wouldn't compare it at all to a grant program, which obviously they would prefer.

Mr. Hardeman: Okay, I think you've fairly well

explained those programs.

I want to go back to the question that we were discussing at our last opportunity. It had to do with the ministry's actual estimates, how much of that was spent on public relations and advertising and how that would have been spent, whether it was spent through the ministry as a ministry cost with their staffing or whether it was outside contracts that were going out to provide a certain level of service. I thank the ministry for having prepared it—I have it here; it was on the desk—but it's really not much more than what the estimates said as to where the money actually went.

This time, Mr. Chairman, I hope we're all looking at

the same page.

The Chair: I would hope so, yes. Members have been

provided with this through the ministry.

Mr. Hardeman: This is the information provided. We look at ministry administration, advertising and communications products/services: \$253,000 and \$4,758,000. Then it lists the things that it does: \$253,000 is job advertising. I think that job advertising is pretty self-explanatory as to how we spent the money, but this report doesn't really go very far as to how the \$4,758,000 was divided up, whether we're spending that through ministry staff doing the job they're on staff for and how much of it was sent out to someone else under contract to provide a certain service.

I look here at "PR services—speech writers, communications planners.

"Displays, graphic design, newswire distribution "Coaching material related to leadership training."

I wonder if we could get a breakdown of that, just on what that was.

**Mr. Burke:** Perhaps I could just begin by saying that these are estimates, of course, and in some cases we've not spent this money and decisions have not been made as to how the money gets spent or whether or not there's a need to go outside to assist us internally in providing these services.

As you say, under ministry administration, job advertising is pretty self-explanatory. But staying with ministry administration, under communications products/services, media monitoring and newswire services are basically purchased services. You buy a subscription, you pay the fee and essentially that's how it works.

Special events happen during the course of the year in a number of different areas in the ministry. Some of those costs we're able to absorb internally, because we have some staff resources to plan these things, and in other cases we need outside help and support. The same with the ministry's website: there's content that needs to be changed, and sometimes programming and assistance are required from an outside professional point of view.

Those are really how we plan to spend the money. Whether we would spend it in exactly the way it's described here on this page, of course, is another question, because it's all about workload: how many of these events would take place simultaneously, how many would be done at various points in the year and so on.

Mr. Hardeman: I understand that. I guess if we're going to get any benefit out of looking at estimates, one has to know how we arrived at that number. As you said, this isn't money spent; this is money that's going to be spent. But if a committee is looking at those estimates, then we need some indication of how we arrived at those numbers. I guess the question would be, can we get an indication of where the money was spent last year in those same categories, which one of those would be continued and why the estimate would be there?

One example I would use is to look at affordable housing. We had considerable debate at previous meetings about how much money was allocated for affordable housing, how much was actually spent and how many units were actually occupied. When I look at this, I think we can look at last year's estimates and this year's estimates and find that we're spending the same amount of money on design and production of products related to affordable housing program announcements. If we don't announce, what do we do with the money? Since we didn't get any, or very little, affordable housing built last year and we're going to build a whole lot this year, are we going to do more announcing, or have we already done all the announcing for the all the money and we don't need any money this year?

I think we need some kind of indication of how you relate the expenditure to the estimate and how you came up with the estimate based on previous and future-looking expenditures. I wonder if we could get a written

report on that for future reference.

Mr. Burke: I don't have any data from last year's spending with me right now. That's normally the stuff we would send to public accounts and have to explain the spending that goes with that. But you're right in the sense that how we establish our budgeting requirements is to some extent determined by what we spent last year; the staff resources we have this year as compared to the previous year; and another example is how many events we believe we will have this year. And what programming we are going to have to deliver year over year, and sometimes that changes, will determine how much of it we do internally and how much we do externally.

I'm sorry, I don't have here with me the level of detail you're looking at. We can certainly take your request under advisement and see whether or not we can generate what you're asking for in that regard. But it's all of the points you had raised around how you actually build a budget.

Mr. Hardeman: I very much appreciate it. Thank you very much for your presentation.

Hon. Mr. Gerretsen: If I could just answer the question, what we've got here, then, what you've been given, is the advertising and communications services budget. The question you asked the other day was, what was spent on the services account? We have tabulated all

the services in the various budgets, and that came to \$65 million. I'm more than prepared to share this document with you. It shows how much was spent: rent, \$10 million; legal and audit branches, \$5.5 million; consulting, \$3.6 million; staff development, \$1 million; rural and native housing, which is basically a pass-through from the federal government, \$38 million; advertising and communication products, \$1.1 million; and various other things that add up to \$65.5 million. I believe that's the question you asked the last time, and we're more than prepared to share this with you.

1610

The Chair: I apologize. We are out of time for the official opposition's 20-minute segment. That's kind of you, Minister. If you want to share it with the clerk, the clerk can distribute it to the members, if that's what you'd like to do. We thank you for getting back to the committee on that.

We now have 20 minutes of time to the third party.

Ms. Cheri DiNovo (Parkdale–High Park): This is fascinating. This is new information, the \$65 million on this sheet. I just look at the original promise to build 20,000 units of affordable housing, and this would have pretty well paid for it.

To get back to the questions that I wanted to ask, these were generated by a very interesting meeting I had this week with the Co-operative Housing Federation. I wanted to bring to the attention of this body that in Parkdale–High Park, we have five co-op housing projects, none of them really taking much in the way of tax-payers' dollars. They've all been chugging along very well, with huge waiting lists. Harvey Cooper's concern, of course, was about the future of co-operative housing endeavours. He generated these questions, so I'll ask them on his behalf.

He says, "As you are aware, on September 26, 2006, the federal government announced that \$312 million will be set aside in a trust fund for the province of Ontario to use to increase the supply of affordable housing or increase the supply of supportive and transitional housing?"

He would like to know if your government confirms that "all of the \$312 million provided by the federal government will be used to fund new affordable housing in addition to the commitments already made under the joint federal-provincial affordable housing program."

He goes on to say, "The new federal government housing trust funds appear to give a significant amount of program delivery flexibility to the province of Ontario, although the funding is not to be used for subsidizing existing social housing stock, providing rent subsidies, nor replacing provincial investments in affordable housing.

"This flexibility could allow the province to implement many program changes that previously required federal approval. Some examples come to mind such as targeting the funds for permanently affordable co-op and non-profit housing and providing higher capital subsidies for larger family units."

So the question, then, is, "Minister, will you move very quickly to both ensure that the entire \$312 million is allocated to affordable housing over the coming year as well as improve the AHP where possible?"

**Hon. Mr. Gerretsen:** That's a very good question. Let me say that I've had some very fruitful meetings with Mr. Cooper and with the co-op board, both when I spoke at their conventions the last two years and when I met with the board just recently in one of the Toronto ridings. Again, he posed these questions as well as other questions at that time.

The trust fund has been set up. I believe that the Deputy Minister of Finance is the trustee of the trust. If you've been following the media about the interplay between provincial elected officials and federal elected officials, you may have noted that there is some dispute as to what exactly this funding is for. It's certainly our intent within the Ministry of Municipal Affairs and Housing that this funding is for future housing programs, including co-op programs, but until that area of-I won't call it the dispute—misunderstanding as to what exactly this \$312 million is for, and whether or not it's only for future new programs or already existing programs—until that's ironed out between the Minister of Finance for the province of Ontario and the federal Minister of Finance. we in our ministry, which is basically involved in the delivery model of affordable housing, will not know exactly how much will be allocated for what kinds of programs.

Ms. DiNovo: I reiterate the question: If you get your wish, though, and the \$312 million comes your way, will you then put this into affordable housing over the coming vear?

Hon. Mr. Gerretsen: It'll be put into some sort of affordable housing programs. I'm sure it's the wish of our ministry and the wish of the government to do so.

Ms. DiNovo: To follow along on that, one of the most glaring inadequacies of the affordable housing program, as evidenced over the last few years, is the area—we had a prime example of this today in the media, the trial around the killing of Otto Vass. This was a person with mental health issues.

I know in my riding and many inner-city ridings, there is a huge demand for supportive housing for people with mental health issues and other issues. These are usually single folk who are looking for single units. Many of them are on OW or ODSP. As we discussed last week, we're looking at incomes ranging from \$500 and change to just slightly over \$1,000 or around \$1,000 and change. depending on the individual. That means that on the 30% formula, we're looking at housing units of around \$150 to \$350.

When we looked at that last figure of 1,635 units actually occupied, we managed to break that down last time, I remember, to only around 500 or so actually affordable units, and we weren't sure at that point whether even those would be affordable for someone like Mr. Vass or others with mental health issues.

My question, Mr. Gerretsen, then, is about exactly that range of truly affordable housing for the poorest of the poor in our major centres. I'm wondering what programs will be in place to build units that will be affordable at

Hon. Mr. Gerretsen: Maybe I could first of all correct the record. This may have been my own misstatement at the last meeting when I said there are 1,600and-some-odd units that are actually occupied. I have been informed by my ministry since then that the actual number of units that are occupied is 2,122. I know it doesn't deal with your issue, but there have actually been about 500 more units than I reported at that time.

As I indicated the last time I was here, there are a number of different affordable housing programs out there. Some are in the housing allowance area, some in the rent supplement area, some in the affordable housing program for either private, non-profits or co-ops etc. and

some in the affordable home ownership group.

One impression that may have been left here the last time is that we were subsidizing units in which people were paying mortgages of \$180,000 or more. I want to make it absolutely clear that under the new affordable housing home ownership program we are basically paying the down payment for some individuals who fall within that new affordable housing home ownership program that amounts to about \$9,000. The builder is putting in some funding as well by way of a forgivable second mortgage if the homeowner still lives there after a certain period of time. We feel this helps individuals to get into housing and in effect frees up housing from which they came, which is obviously rental housing in most cases and obviously will be available for some of the individuals whom you and I are talking about.

There are different programs. We've always said that there would be different programs. Will some of the programs help the people at the bottom end of the lower

economic scale more than others? Absolutely.

**Ms. DiNovo:** Which programs will help those people? **Hon. Mr. Gerretsen:** The rent supplement programs, which we've increased by about 3,500 units; the housing allowance program, in which we've got about 5,000 units set aside, and not all that many units have been occupied as yet. One of the reasons for that, as we so often hear from our service managers, is the fact that it's only a five-year commitment and it would not be available for in situ tenants.

These were parameters that were put on the program by the federal government. It's a joint program; we couldn't get out of that. We are currently looking at programs that would be supported primarily or solely by provincial tax dollars and would not have those restrictions that are currently involved in the housing allowance programs of the federal government. They basically say you cannot provide housing allowances for people who are paying well above 30% of their income towards rent because they are not moving into a unit—they're already in a unit. We personally feel within the ministry that that's not the way to go, but we can't get out of that program with the federal government, so we're looking at programs that will help those individuals that would be funded primarily just by the provincial government.

1620

Ms. DiNovo: Just to backtrack, first of all I have to say I'm very pleased that we're up over the 2,000 mark. It's still a far cry from the 20,000, but hey, there's progress. But I didn't hear an answer to my question. My question was, for the those people at the lower end, those people on OW and ODSP who are looking at rental units of \$150 to \$350. I just wanted to know where those units are. Where are the buildings? Where are even the rental supplement units? Where are they and how many are there? I'm not being rhetorical here; I'm asking because I'm not aware of any in my riding. And I know there are many MPPs who are not aware of any those units in their ridings that are affordable at the \$150 to \$300 range. So I would like to know on behalf of my riding where those units exist, what are the developments and where I can direct people who need that housing.

Hon. Mr. Gerretsen: The units exist all over the place as a result of agreements that have been reached between the service managers and the individual housing providers-landlords, whatever-in both the rent supplement and the housing allowance programs. I can't pinpoint them. All I know is that currently we have 6,670 rent supplement units out there. We have housing allowance agreements with our service providers for 5,000 units. As I indicated before, the uptake on that program has not been as quick as we certainly would have wanted to see it happen. The main reason for that is that a lot of the service managers, through their local councils, don't like the fact that there's a five-year limit to that particular program and the fact that it cannot be utilized for people who already live in housing right now; in other words, they have to move into a unit etc. As I mentioned before, we're now trying to devise programs that in effect would take those two restrictions out of play, so that the empty units that are out there can be utilized as quickly as possible. But perhaps the assistant deputy minister of Housing, Doug Barnes, can add something to that as to where they're actually located.

Ms. DiNovo: At the end of the day, the reality is that there's a person without housing on OW or ODSP who needs housing. We face this—all of us—in our ridings as MPPs and we would like to know where that housing exists that we can direct these individuals to. That's notwithstanding the 122,000 households that are on the waiting list for five to 10 years. I'm not even going to touch that right now, but what I would like to know is if at the end of that five to 10 years there's actually something they're waiting for. Before I suggest to people in my riding that they put their names on such a housing wait-list, despite the fact that it might come up after their demise, I would like to know that there's a pot of gold at the end of this rainbow. Is there a housing unit for them somewhere?

**Mr. Doug Barnes:** The new housing that we're actually in the production stages of under the affordable housing program obviously is operated by the municipal service managers. They do an RFP process to attract different builders. So we do get a variety and we do get

mental health individuals. I believe one of the actual projects that we undertook is the Verdiroc project. In that particular project we have 30 units which are full RGI—in other words, it takes them right down to whatever, if it's ODSP or welfare rates or Ontario Works rates—and then we also have 16 units which are supplemented by the Ministry of Health and in fact bring the rent down to RGI levels for mental health individuals in that project. That's just an example. A lot of the projects that we do bid in are mixed in terms of being just below market rent. All of the ones under the new rental programs start at 20% below market rent—almost all of them. And there are additional programs that get stacked in to help reduce the actual rental rates down even further.

Ms. DiNovo: The Verdiroc program is one that I raised last time, and I understand from the report I have that there were 232 supposedly affordable rental apartments and that most of them don't meet the criteria of the individual I was speaking about: bachelors, \$726 a month; single bedroom, \$889 a month; two bedrooms, \$1,060 a month. The fact that out of those 232 units, say even 30 units plus 16, so 46 units are affordable to the poorest of the poor—we're dealing with astronomically small numbers, I have to say, first of all. The only affordable housing units, Minister, that you can point to that are actually out there, actually built, actually occupied—46—don't help. Again, most of our MPPs deal with the huge need in their ridings for affordable housing.

I understand, just to go back to the housing allowance, that 5,000 housing allowances currently have been allocated to the different service managers around the province, and my understanding is that 499 of those units are actually occupied right now. Is that correct?

Hon. Mr. Gerretsen: The total that are occupied in the rental and supportive housing units is 2,122; under construction, 2,161; in planning approval, 1,157. That is within the rental and supportive units.

You indicated earlier that there were only 46 units within the Verdiroc complex. I've got lists here of projects that are either under construction or—throughout the entire province, for every city and town that's out there. How many projects are currently under way? There are 128 different projects of affordable housing under way right now in the province of Ontario.

Ms. DiNovo: It's my understanding, and this is from the Star, the Wellesley Institute and Michael Shapcott, that 23 out of 44 wards in Toronto don't have any. I don't know where these—again, if the shovel is not in the ground yet, it doesn't do a lot of good this winter for those people who are at the lower echelons of the income spectrum and who need housing now. My point, Minister, is to the fact that this was declared a national disaster area by the Toronto Disaster Relief Committee and that two people a week die on the streets of Toronto. This is not your area of jurisdiction, but since they're not allowed to be on our streets anymore, one might ask where they're supposed to live.

I cited a study in New York last week, but here's one closer to home. British Columbia did its own study—this

was just a few years back—and found that taxpayers save about \$12,000 a year for every homeless person moved into supportive housing. That's easy to see, because when we see how much it costs per night for a shelter, per night for health care, police care and everything else that goes into being homeless on the streets of Toronto, one can see that building a modest unit might actually save taxpayers money.

I still fail to see any financial reason why this ministry has been so slow to build affordable housing units for those estimated 3,500 homeless people on the streets of

Toronto.

**Hon. Mr. Gerretsen:** I think that homelessness and people who live the way you've described is everyone's business. Nobody likes to see that. Although it may not be, strictly speaking, within the jurisdiction of this ministry to deal with other social service programs, it's a concern to all of us.

All I can tell you is-and I think you may have put your finger on it to some extent—that the ministry itself does not build any of the housing, or doesn't build it directly under its jurisdiction. As a result of the downloading that was done by the last government, social housing is primarily the responsibility of the 47 service managers. So the way we deliver the programs right now is through the service managers. It has taken a long time to get the various agreements into place with the service managers. Are we basically relying on them to call for the RFPs etc.? Yes. Is this a perfectly satisfactory arrangement? No, it is not. All I can tell you is that the ministry, within the confines of its own jurisdiction, has worked as quickly as possible to first of all enter into agreement with the federal government, which was done on April 30, 2005—so it's less than a year and a half ago-to get the program up and running. We've done that since that time.

1630

The moment you deal with another order of government, they put their own restrictions on various programs. The kinds of restrictions they've put on the programs, such as on the housing allowance program, as I've mentioned to you before, don't help the situation immediately. That's why there has been a slower uptake of the actual housing allowance units by the various landowners.

**Ms. DiNovo:** I'm sorry to interrupt. I only have a minute left, so I would just like—

**Hon. Mr. Gerretsen:** Well, you asked the question and I'm prepared to answer. But if you want me to quit, I will.

The Chair: Minister, we'll give Ms. DiNovo a chance

**Ms. DiNovo:** I just have one minute left. All I would say to that is, why then did you promise in 2003 that you were going to build 20,000 units? It was the same situation then with the municipalities, so I gather that now it's the municipalities' fault that these units haven't been built. I point out that actually in Toronto our municipality has been pretty forward-thinking with the Streets

to Homes program. It has actually housed 700 people through that program, which is more than this government has housed at the lower echelons of the income spectrum. I'll leave it at that. Thank you for your time.

Hon. Mr. Gerretsen: As you well know, as a former municipal councillor, in order to get any project approved, whether it's for affordable housing or otherwise, the planning processes in each municipality, particularly when you're dealing with non-profit groups, are not always as quick off the mark as a private developer could be. It takes a long period of time. Did we wish that those programs could be out there quicker? Could the construction start earlier? Absolutely. There's no question about it. I'm not here to blame any municipality or any service managers. But the fact that it's done through the service managers has not allowed the system to move through on this housing as quickly as we want it to.

**The Chair:** Government members, you have 20 minutes of time.

**Mr. Arthurs:** We're prepared to cede our time to the minister, Chair. I understand that he has concluding comments to make and want to ensure that he has that opportunity.

The Chair: Fair enough. Minister, you have 20 min-

utes of time, if you so choose.

**Hon. Mr. Gerretsen:** Thank you very much. I've got a number of issues that were raised that I wanted to address at this point in time.

Just to clarify what may have been said earlier, I'll start with some of the minor issues, or at least what I regard as minor issues. The question was raised at one point as to whether or not there were any education costs for municipalities for new legislation and regulations. I believe that Mr. Hardeman asked that question.

I believe I indicated at that time that I was not aware of any specific funding that was set aside to do that kind of training—the training costs for municipalities with respect to new regulations and legislation. Well, I was wrong in that regard. The ministry operates some very effective programs and has set aside money in order to make them happen. As a matter of fact, the ministry develops, delivers and covers the costs for such things as tailored workshops, programs delivered across the province for municipal councillors and staff on new legislation and regulations, and that happens in a number of different ways. I know there are what we call MSO conferences around the province. I believe there are four of them. There's one in Kingston for eastern Ontario. There's one in London which is coming up in a couple of weeks for southwestern Ontario. There's one right here in central Ontario as well, Toronto, and we have a course as well that we jointly operate with NOMA in Thunder Bay, and also one in Sudbury. So we do have a number of these programs going on all the time. They're mainly yearly conferences which give the ministry an opportunity to educate municipal councillors and staff people on new programs and new legislation and regulations.

Sometimes these workshops and programs are delivered in partnerships with, as I mentioned before, municipal associations or other ministries. It really depends on the efficiencies which are to be gained in the breadth of the new topic that is covered. I just wanted to put that on the record.

I've got all sorts of examples here of some of the programs we've gotten involved in, in these education programs, such as affordable housing programs; the new Planning Act and the OMB reforms; the greater Golden Horseshoe growth plan that we did together with the Ministry of Public Infrastructure Renewal; the new proposed Municipal Act, Bill 130, that hopefully, subject to the will of the Legislature, will come into being by the end of this year; as well as the Clean Water Act that municipalities obviously have a great interest in that we did jointly with the Ministry of the Environment.

There was another issue raised with respect to closed meetings that are contained in Bill 130. Again, I believe this was an issue that Mr. Hardeman raised on a number of occasions. There may have been an impression left that this government favours closed meetings at the municipal level. Nothing could be further from the truth. But we also realize that, at times, there are situations when municipal councils want to close meetings as long as the decision-making process is not advanced, and that is precisely the change we're making to the Municipal Act. The kinds of meetings we're talking about—and those of us who have been involved in municipal government know that these have gone on, in some cases, for a long period of time—deal with councillor education, training for new councillors, orientation sessions etc.

What we have done, however, is we have clarified and emphasized the requirement to keep records for all of these meetings, whether they are open or closed, and we've given additional new powers, which don't exist currently, to appoint an investigator for complaints about the closing of council, committee or local board meetings. These investigators can be called local ombudsmen. I understand there has been some criticism that since these people may be paid by the municipality, they may not be as free to operate as we wish. I'm not so sure whether that is true, because, after all, the government indirectly pays the officers of the Legislative Assembly as well, yet nobody denies their ability to do a job in an open and transparent fashion.

We've gone one step further and said that if a local investigator is not appointed by a municipal council, then, in effect, the provincial Ombudsman can get involved. Right now, the provincial Ombudsman has no jurisdiction whatsoever over municipal matters. We are proposing in our legislation to expand that to include the provincial Ombudsman in the new Municipal Act as well.

Also, the bill would not eliminate current requirements to state the general nature of matters discussed in camera and in the additional opportunities for closed meetings, and only if they would not materially advance any issue before council—again, not for decision-making sessions.

There's also been some criticism about the new electronic participation. Again, no council has to permit elec-

tronic participation in meetings by members of council. It would be the right of any council to determine, not the right of an individual councillor. As suggested in Bill 130, a council wishing to permit electronic participation must amend its procedural bylaws, members participating electronically could not be counted toward a quorum, and electronic participation would not be allowed in closed meetings.

In addition, every municipality is required to adopt policies in respect of notice, accountability and transparency in dealing fairly with the rights of persons affected by the decisions of councils. I just wanted to put that on the record as well, because that was something that was talked about earlier.

We also deal with the whole provincial-municipal fiscal and service delivery review. Again, I believe the time period of 18 months is a very realistic one. There is a wide-ranging breadth of services and volumes of issues that are going to have to be discussed. The last government, as we all know, did a tremendous amount of work in transferring these services to local municipalities, and it's going to take some time to work out exactly what should be transferred and who should be paying for it. The staff from both levels of government are working right now to establish the principles around the whole consultation process. Both the city of Toronto and AMO are participants. The review includes a process to gather input from all stakeholders, not just the municipal world. The next step, quite frankly, is to identify and finalize the means and timing of broader consultation.

It's totally premature to anticipate the precise recommendations that will emerge from the review or what the cost of the implementation is going to be. Of course, that depends entirely on what this committee comes up with at the end of 18 months. Again, it's intended to be a consensus-based report, not just a report that's going to be shelved like so many others have been, including the Crombie report of a number of years ago, which was accepted by the government but not implemented to a large extent.

#### 1640

The overall goal of this committee is to improve the delivery and funding of services for Ontarians, the scope of the review to be determined in consultation with our partners. But it may include, as I mentioned before, infrastructure funding, the funding of public health, the funding of emergency services, social services and housing, and special challenges faced by northern communities, rural communities and the large urban centres.

Finally, let me just get back to the affordable housing program, in which there has been quite a bit of interest shown as well. We currently have a program in which our government has matched the federal government's money of \$301 million, for a \$602-million program. That was an agreement signed on April 30 of last year. If we include municipal contributions—and some municipalities have contributed through the waiving of building permit fees, sometimes development charges or whatever—the program will be closer to \$734 million, which I believe is the largest affordable housing program in

Canadian history. At the end of the day, the program will provide 15,000 new units of affordable housing, which will include 500 units for victims of domestic violence and 700 units for persons with mental illness. It includes \$80 million for the 5,000 housing allowances that I talked about earlier, and that's a program we're trying to change some of the criteria on so that there will be greater uptake. The progress to date—and these are the latest figures—is that a total of 6,524 units are under way under the program in the rental and supportive housing part of it. So, in other words, of these 6,524 units, 5,440 units are rental and supportive housing units; 2,122 have actually been occupied, 2,161 are under construction and another 1,157 are in planning approval. On the home ownership side, 884 units have been authorized, with 102 occupied, 458 under construction and another 324 in planning approval. In the northern housing units: a total of 200, with 178 being occupied and 22 under construction.

Again, in the housing allowance program, 41 of our 43 participating housing service managers are co-operating in the program; so nearly all of them. They have committed to deliver 4,335 units of the 5,000 units we talked about.

So I think we're on our way. It's not as quick as I certainly would have liked to see, but we are dealing with the issue as quickly as we can, and certainly all of the funding that has been set aside, both provincially and federally, will be utilized for that program.

Mr. Chair, I think I've said just about everything I want to, but I thank you for your consideration and thank the members for their questions. I think they've all been fair questions, and questions that will clearly indicate that we within Municipal Affairs and Housing are extremely determined to see that the three areas of jurisdiction that we're involved in—the planning area, the local government area and the housing program—are carried out as effectively as possible for the benefit of the people of Ontario.

**The Chair:** Thank you very much, Minister. I'm assuming that will conclude the time from the government side.

Folks, that concludes the time designated for the consideration of the estimates of the Ministry of Municipal Affairs and Housing.

To the minister, his deputy minister and the team from the ministry, thank you very much for appearing before the committee and responding to members' questions. That was about—what did we do, again? Six hours in total? Six hours we spent together. It flew by.

I am going to make a special Chair's request. Under the standing orders, I'm allowed to make a special Chair's request once a day. If it's possible, Minister, could we have somebody from the staff who will still be able to speak with me about the disaster relief program. This is consideration of Fort Erie and Port Colborne, what they've gone through. If there's a contact I could have, I would greatly appreciate it as the Chair of the committee.

Interjection.

The Chair: Terrific. Thank you, Deputy. I appreciate it.

**Hon. Mr. Gerretsen:** For you, anything, Mr. Chair.

The Chair: Thank you, Minister, as well.

We now need to move to our votes on estimates. We're all set?

Shall vote 1901 carry? Carried.

Shall vote 1902 carry? Carried.

Shall vote 1903 carry? Carried.

We're on a bit of a roll here.

How about 1904? That was a tricky one. Shall vote 1904 carry? Carried.

Shall the estimates of the Ministry of Municipal Affairs and Housing carry? Carried.

Shall I report the estimates of the Ministry of Municipal Affairs and Housing to the House? Is that agreed? Agreed. Okay, then I will do so.

Folks, thank you very much as well to our critics who have sat in on this session. I remind the standard members of the committee, the average, everyday, hardworking members of the estimates committee, that we're back here tomorrow after petitions in room 151 for consideration of the Ministry of Training, Colleges and Universities.

Until tomorrow, folks, we are adjourned. Thank you, and have a good evening.

The committee adjourned at 1646.

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## Legislative Assembly of Ontario

Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Wednesday 18 October 2006

Standing committee on estimates

Ministry of Training, Colleges and Universities

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Deuxième session, 38<sup>e</sup> législature

## Journal des débats (Hansard)

Mercredi 18 octobre 2006

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 18 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 18 octobre 2006

The committee met at 1557 in room 151.

#### MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

The Vice-Chair (Mr. Garfield Dunlop): We'll call the meeting together. I'd like to welcome the Honourable Chris Bentley, Minister of Training, Colleges and Universities, to the estimates committee. We are here today for consideration of the estimates of the Ministry of Training, Colleges and Universities, for a total of seven and a half hours. We will commence with vote 3001. We will begin with a 30-minute statement by the minister, 30 minutes for the official opposition and 30 minutes for the third party, then the minister will have 30 minutes for reply. The remaining time will be apportioned equally among the three parties.

Minister, feel free to proceed.

Hon. Christopher Bentley (Minister of Training, Colleges and Universities): Thank you very much, Mr. Chair and committee members. I'm pleased to be here on behalf of the Ministry of Training, Colleges and Universities to talk about our 2006-07 estimates. I know these investments will affect the quality of and access to post-secondary education for years to come.

Many challenges that our economy faces in the first decade of the 21st century include: an aging workforce; the need to integrate newcomers with international work experience; the pace of technological change; and intensifying competition from emerging economies.

The McGuinty government believes that the key to Ontario's prosperity lies in our people. The best jobs and most investment go to the places with the best-educated, most highly skilled workforce. We must nurture that culture. We must cultivate the next generation of critical, innovative thinkers. We must have informed leaders who will lead the province in the future. Investing in the education and skills of our people today leads to increased prosperity and an improved quality of life for us all.

With all of this in mind, last year our government introduced our Reaching Higher plan. This \$6.2-billion investment in post-secondary education and skills training is the most significant multi-year investment in Ontario's higher education system in 40 years. It expands the view of post-secondary education from the traditional classroom learning in colleges and universities to encompass apprenticeships and other forms of enhanced skills.

Reaching Higher is our strategy for becoming the leader in learning, with important commitments to access, accountability and quality. Our commitment to this strategy is underlined by the historic investments we're making to build the high-quality post-secondary system our province deserves and needs.

Our commitment to building an integrated training and employment system is just as strong. We're training more apprentices. We're bringing together the Ontario government's programs and services to work hand in hand with programs, people and resources from the federal government. At the end of the day, what people care about, whether they're workers, whether they're those unemployed looking for work, whether they're businesses looking for skilled, trained workers, people looking for any type of training—what they really care about is how to get it. They're not interested in jurisdiction. They're interested in how to get it and simplifying the system. This is our approach for an expanded, highly skilled workforce.

The people of Ontario deserve to have the best postsecondary education system and the best training system in Canada. Our province's future depends on it.

Today I would like to share with you some of the progress we've made under the Reaching Higher plan and look ahead to our plans for the coming year.

If I could turn first to colleges and universities, by 2009-10, the McGuinty government will have provided an additional \$1.2 billion in annual operating grants to colleges and universities, or 35% more than the base in 2004-05.

Now, what does this money mean? It means that after years of underfunding, our government is investing in the system to rebuild not just post-secondary education but to rebuild that necessary relationship and glue between government, our businesses, our labour, the people of Ontario.

How far have we come? The evidence is there to be seen. There are almost 86,000 more post-secondary students attending this September than in 2002-03. That is a 5% participation rate increase, a 21% increase in real numbers.

We're doubling our investment in student aid. We've invested to modernize and repair buildings. We've established the Higher Education Quality Council of Ontario to monitor quality and access. We're improving access to quality post-secondary education for underrepresented

groups and for those for whom distance poses a real challenge.

We're increasing first-year undergraduate medical enrolment by 23%. This includes the introduction of 104 new first-year medical school spaces between 2005-06 and 2008-09, and 56 new first-year spaces at the Northern Ontario School of Medicine, which was opened in 2005-06.

This is the beginning, and we have more to do. We want every student in Ontario to have access to the best post-secondary education in Canada.

In the post-secondary sector, our Reaching Higher plan is built on three pillars: accessibility, accountability and quality.

Let me address accessibility first. Our government believes that access to post-secondary education should be driven by the ability to learn, not the ability to pay. That's why we've made significant investments in income- or need-based aid. Targeting aid to those who need it most is essential. We're increasing our investments in such spending. Over a five-year period, from 2004-05 to 2009-10, we're doubling our investment in student aid, and this includes major new investments in grants.

The McGuinty government invested almost \$200 million more to improve student assistance in 2005-06, to promote access and opportunity for low- and middleincome students. OSAP, the Ontario student assistance program, has been improved to promote access and opportunity for low-and middle-income students. In 2006-07, our improvements will benefit 145,000 students by, for example, expanding upfront grants. In 2006-07, our government is expanding access to grant eligibility to include students from families with incomes of up to about \$75,000. That translates to about twice as many grants as in 2005-06, with a total of 60,000 students expected to receive these access grants. The upfront tuition grants that used to be in existence in the province of Ontario were eliminated in about 1993. We started restoring them two years ago, with 32,000 students eligible. This year, it is 60,000.

We're also updating eligibility for student assistance by, for example, updating the book and supply allowance, which hadn't been updated in almost 20 years. Not only will students be able to access more student assistance—it's risen from \$9,300 to \$11,900 for a single student—they'll be able to do this without an increase in their annual maximum repayable debt. For example, if you borrow \$7,500 through the OSAP program, you only have to repay \$7,000 of it. The other \$500 is automatically a grant. We've maintained the debt ceiling even though we've increased the amount of aid that students are eligible for by about 30%.

As announced in November, the McGuinty government has also created the Ontario trust for student support to help enhance post-secondary access. The government is making \$50 million available every year to match private and corporate cash donations that are collected and used by colleges and universities to set up

endowment funds. The interest from these endowment funds provides bursaries for students in need, and this source of support supplements the upfront grants and the other student assistance available and, of course, the other institutional aid that's available.

In addition to making sure students have the support they need to attend a post-secondary institution, we have created a sustainable, predictable, regulated tuition framework. For every extra \$3 invested by the province, students are contributing one extra dollar. No institution may raise fees without participating in our new student access guarantee.

Let me just touch on that again. When we brought in the new tuition framework, we really recognized that everybody has to participate but, first and foremost, we need the government and the people of Ontario to invest more in post-secondary education. After making the investment and outlining it for the future, we asked students for a contribution. So the bottom line is that over the course of the plan, for every extra tuition dollar we're asking of students, we're asking the people of Ontario to invest an extra \$3 in post-secondary education. That contrasts with the past, when the previous government, for every extra tuition dollar asked of students, took money out of the system; and the government before that, for every extra tuition dollar asked of students, put in 90 cents

What's the student access guarantee? It formally enshrines the commitment to accessibility. It says that institutions cannot raise their fees unless they participate in the student access guarantee. It will ensure that no qualified Ontario student will be prevented from attending our publicly funded colleges and universities because of a lack of financial support programs. Students in need must have access to the resources they need for their tuition, books and mandatory fees.

One way we're promoting access is by working with institutions to increase enrolment, of course. This is part of our multi-year agreements, and I'll have more to say about those in a moment. I spoke about the enrolment increases: 86,000 more students this September than in 2002-03.

What about the access and opportunity strategy? Financing is not the only barrier to a post-secondary education. Some students may be diverted from realizing their dreams for other reasons. That's why, last year, the government committed \$10 million, rising to \$55 million by 2009-10, to help colleges and universities reach out to four key groups: francophones, people with disabilities, aboriginal students and first-generation students; that is, the first generation in their family to attend a post-secondary institution. The statistics are clear that if one of your parents went on to a post-secondary institution, you're two and a half times more likely to go on than if one of them didn't.

We've established advisory committees to help meet the needs of each community, to give us good front-line advice on how to increase participation and success in post-secondary institutions by people from these groups. Through research, expansion of existing services and innovative pilot projects, we're providing better access and opportunity for groups traditionally under-represented in the post-secondary system.

This year, we're investing \$5 million in programs run by colleges, universities and community organizations that will help potential first-generation students. These partners will encourage young people to pursue post-secondary education and apprenticeships by offering valuable information and advice, but they do more than that. They essentially provide a wraparound service, recognizing that students can face a number of challenges, not just financial, and that as those challenges arise, if they enrol in a post-secondary program, the challenges have to be addressed immediately; otherwise, the student is at great risk of not completing.

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Location should not bar education. As we announced at the end of August, our government is investing \$65.3 million in 2006-07, an increase of \$20 million over just two years ago, to help small, northern and rural colleges provide high-quality programs in their communities. This way, students do not have to leave their communities to get a high-quality post-secondary education. These investments are expected to result in higher educational achievement, greater participation and improvements in academic retention, enrolment and graduation.

Meanwhile, our most remote communities have been ably served for many years by the Contact North/Contact Nord system. It was established in the late 1980s by the Peterson government. It was serving approximately 67 communities. This year, we made a \$1.5-million investment to fund e-learning access centres in at least 20 new communities. In addition, the funding is enhancing the service in 12 additional northern communities so they can participate in the Contact North/Contact Nord video-conference network. Last year, Contact North helped deliver close to 13,000 course registrations in 589 credit courses. It offers courses from all of the northern colleges and universities, so from one location you can participate in them all.

The Higher Education Quality Council of Ontario will help us improve quality. It's the second pillar of our Reaching Higher plan. Making post-secondary education more accessible must be matched by a commitment to quality. It means more resources, more student time, more faculty, more innovative research.

The McGuinty government is committed to quality improvement and innovation and to making sure students' experiences are rewarding and successful. Already this year, we have announced operating grants that are about \$700 million more than the 2004-05 base levels for colleges and universities, which will help to improve staffing, purchase additional educational resources and technology and improve student support services.

In 2005, legislation was passed creating the Higher Education Quality Council of Ontario to ensure continued improvement of the post-secondary education system. This council will monitor and report on perform-

ance. It will also monitor and make recommendations on the student access guarantee I spoke about a few moments ago. It will undertake research on quality, participation and access and advise government on the best way to measure performance and institutional collaboration. It is an arm's-length agency and it will provide good research-based advice.

In May, I announced the nomination of the Honourable Frank Iacobucci, former justice of the Supreme Court of Canada and past interim president of the Uni-

versity of Toronto, as chair of HEQCO.

HEQCO is an independent body. Our government will make sure that work undertaken by it does not duplicate that of the ministry. We encourage all of our post-secondary education partners to support the council in its endeavours to ensure that our students have access to the

best-quality post-secondary education.

The third pillar of the Reaching Higher plan is accountability. The McGuinty government is promoting accountability through multi-year agreements with Ontario's publicly funded colleges and universities. During the three years covered by these agreements, total post-secondary education operating grants will rise to \$4.3 billion by 2008-09, an increase of \$1 billion per year since the introduction of the Reaching Higher plan. The increase means we're sending \$4 billion to colleges and universities this year, the highest amount ever. Because these are multi-year agreements, they give colleges and universities the stability they need to plan for the coming years and to produce results.

But these are agreements with a difference. They set targets for individual institutions for improving student access to education and the quality of the student experience. The agreements establish system-wide goals for improvements and specific results for each institution, such as:

-higher overall enrolment;

-hiring new faculty;

-increasing student and faculty interaction;

—improving the learning experience and teaching excellence, including better library resources, lab equipment and information technology; and

—helping more students succeed at college and university so that they stay in school and graduate.

These agreements are, of course, evolving. This is the first time it's happened. They will evolve over time, but what's important is the signal we're sending. The people of Ontario are investing in colleges, universities and post-secondary education. We want to make sure that investment gets the results the people of Ontario expect and, indeed, the students expect.

Once we have increased access to post-secondary and to undergraduate post-secondary education, let's turn now to graduate education.

We, of course, have the double-cohort students, a large number of students going through who will be looking for graduate opportunities. We also have the needs of an emerging economy which requires more highly trained researchers, more highly trained workers,

and much more knowledgeable and creative workers than ever before, so we need more M.A.s and Ph.D.s. We have to go beyond the needs of the double cohort. That's why our government is allocating new spaces and funding to each university to expand graduate studies in education by 12,000 full-time students by 2007-08 and 14,000 by 2009-10. The investments required to support this will total \$220 million annually by 2009-10. This represents a 55% increase in graduate spaces over 2002-03.

Our plan is to build a foundation for innovation and research to ensure we can compete successfully in the global marketplace. By expanding graduate education, we develop the science and technology professionals and the innovative thinkers and researchers who will drive our economic competitiveness for the future.

I want to touch for a moment on the private career colleges legislation. The private career colleges legislation hadn't been amended in approximately 30 years, but of course, many private career colleges had been established, the number of students had increased, and the needs, demands and expectations of the marketplace had substantially changed.

The Ontario government proclaimed legislation this fall, September 18, to ensure protection for students attending private career colleges after the Legislature had passed the new Private Career Colleges Act. They play a key role in providing education and training as part of post-secondary education in Ontario.

The new Private Career Colleges Act, 2005, will protect students against financial loss, make sure their training can continue and provide more confidence that their training will prepare them for the workplace. These are very significant advances in legislation which will provide improvements in quality and significant protection for the students.

If I could turn now to skills and prosperity, we're committed to developing the most highly trained workforce in North America. We need to do that in order to ensure that the needs of businesses and the future of the economy are met and secure.

Last November, I signed two historic agreements on behalf of the government of Ontario. I signed them with the federal government: the labour market development agreement and the labour market partnership agreement. These two agreements strengthen our plan to transform training in the province of Ontario. We were the last province to be able to sign the labour market development agreement.

They enable the ministry to expand programs and labour market services in Ontario and deliver them in an efficient, streamlined manner. There will be more access to apprenticeships, more help for job seekers and more guidance for employers who want to train and build a skilled workforce.

In the 2004 budget, the McGuinty government announced that it will build an integrated training and employment system. Through this system, employers and job seekers can connect with the labour market, training

programs and services provided by the Ontario government by phone, online or in person.

Employers and job seekers will be able to access or be referred to the services they need by the first government office or community-based organization they contact, eliminating frustrating running around and costly delays. It's essential, as I said before, that the system be more user-friendly.

Apprenticeship: For many people, our integrated training and employment system will be the conduit that connects them with apprenticeship.

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We have the largest apprenticeship system in Canada. More than 70,000 apprentices are currently undergoing training in Ontario at various stages. That's the entire population of Sarnia. We have more than 20,000 employers employing these apprentices. Sixty-six classroom training providers, including 24 colleges of applied arts and technology, provide in-school training to more than 26,000 people every year.

But as high as these numbers sound, they aren't as high as we need them to be. Canada is facing a skills shortage. According to the Ontario Chamber of Commerce, 25,000 workers are needed immediately, and we'll need an estimated one million workers by 2020. That's from the Ontario Chamber of Commerce in September 2005.

We know that a skills-focused education pays off. Carpenters, plumbers and machinists can earn \$30 an hour, plus benefits and more. Building a skilled workforce is one of the main elements of the McGuinty government's economic plan. We've committed to increasing the number of new apprenticeship registrations to 26,000 annually by 2007-08. I'm pleased to be able to report that we're firmly on our way to reaching that goal. In the 2005-06 year, 21,489, to be exact, registered in apprenticeship training, a number that exceeded the year's target. The number of new apprenticeship registrations received by the end of August 2006 puts the province on track to meet its target of 23,500 registrations in 2006-07, and to meet our annual registration goal of 26,000 in 2007-08. To continue our progress, the McGuinty government will invest more than \$100 million in apprenticeship-related programming in 2006-07.

Here's a rundown on where we are with our suite of initiatives.

We've got the Ontario youth apprenticeship program, which encourages high school students to stay in school while learning a skilled trade. They can earn credits and learn the trade at the same time. In 2006-07, we are investing \$8.25 million in OYAP, giving more than 20,000 students the opportunity to begin their knowledge of a trade.

The pre-apprenticeship training program provides individuals—such as youth, aboriginal people, women and other under-represented groups—the opportunity to upgrade trade-related skills so they can be eligible for an apprenticeship.

In July, we announced funding to support pre-apprenticeship training programs such as those through the James Bay Employment and Training Board, which prepare workers for work in the De Beers diamond mine.

There is much more. Since 2004, the government has invested \$33.2 million in more than 2,500 co-op diploma apprenticeship spots, which give you not only the start of a trade but also a college diploma at the same time.

Classroom instruction is an essential part of the apprentice's training. This year, Ontario's \$31-million investment will help more than 27,000 apprentices undertake the classroom portion of their training at 24 community colleges and 39 training centres.

We respect the important role that employers play in the apprenticeship system. We know that training apprentices is an investment, but we need more employers training apprentices. To encourage more, we have the apprenticeship training tax credit, a \$95-million program that provides employers of apprentices with \$5,000 a year—up to \$15,000 over three years—if they hire and train an apprentice in a designated trade. It is a substantial encouragement to train. The Ministry of Finance, which administers the program, is collecting data on the number of claims made under the tax credit.

If I could just touch on a couple of other areas, we have the Job Connect program, which brings in and connects job seekers, or those who seek an improvement in employment status, with everything from counselling to academic upgrading to apprenticeship opportunities to employment opportunities. It's an essential program. We've expanded it. It serves almost 200,000 people every year, adults and young people. We've put another \$10 million into it for 2006-07, which brings the total to \$127 million.

As I say, these services are essential. They also connect Ontarians to other services such as bridge training programs for the internationally trained, language assessment and training, apprenticeship training, and even high school and post-secondary training programs.

Literacy has been in the news a lot lately. We are at substantial investments in literacy: \$69 million for this year, including \$10 million in academic upgrading, which will ensure that 4,000 students are able to improve and increase their academic standing so that they can go on to better opportunities.

In short, knowledge and skills: These are the drivers for the economy of the future. These are the drivers that will ensure that Ontarians have the broadest range of opportunities that individuals may wish for. Collectively, these are the drivers that will ensure that the province of Ontario can reach its potential.

Thank you very much.

The Chair (Mr. Tim Hudak): Minister, thank you very much for the presentation. Deputy, thank you very much for your attendance as well.

Following our rotation model, the official opposition is batting first. Mr. Wilson, you have 30 minutes.

**Hon. Mr. Bentley:** Before you proceed, I didn't introduce my deputy.

The Chair: Please go ahead.

Hon. Mr. Bentley: Philip Steenkamp, Deputy Minter.

**The Chair:** Welcome, Deputy. Any opening comments by yourself?

Mr. Philip Steenkamp: No. The Chair: Mr. Wilson.

Mr. Jim Wilson (Simcoe-Grey): It's a dig from last year, I think.

ear, I think.
Thank you, Minister and Deputy, for appearing today.

I'm just going to start by reading from a document. I'll read it into the record, and then you can comment on it, Minister, with respect to the \$6.2-billion commitment. It's entitled "Funding Background." It will take me a few minutes to read it into the record here.

"Reaching Higher: By the Numbers"

It's by Scott Courtice of the Ontario Undergraduate Student Alliance. He writes:

"Ontario budget day 2005 was an important occasion for post-secondary education, with the government announcing a \$6.2-billion cumulative investment spread over six years, the largest multi-year commitment to post-secondary education in over 40 years. Post-secondary stakeholders —OUSA included—were ecstatic, and had high hopes that the long period of government disinterest and retrenchment had finally come to an end.

"The government followed the budget announcement with a media blitz to sell the benefits of their higher-education investment to a health-care-obsessed public. The communications exercise was large in scale, with over 40 announcements and counting, since the budget.

"During a seemingly endless bombardment of media releases and announcements, I began asking myself two troubling questions: In all the hype, has the government convinced the public that the crisis in higher education is over, when so much remains to be done? And, in doing so, have they inadvertently reduced public support for future investments in higher education?

"Thus, in an effort to peer behind the hype and restore clarity, I felt it was time to provide a quick by-thenumbers refresher of the details and likely impact of the government's Reaching Higher plan for higher education.

"First, a look at the commitment as explained in the government's budget papers"—and then he provides a chart under this, which I'll provide to Hansard later, which combines 2005 and 2006, and he uses up-to-date budget figures from your own budget documents. He puts as a note to this chart—it does accumulate to a total in three categories: student financial assistance, operating grants to colleges and universities, and training and apprenticeship. By the year 2010, which is three years after your mandate, it does add up to \$6.202 billion.

Here are his notes:

"It is important to note several things:

"(a) The \$6.2-billion investment is the total cumulative investment, not an absolute increase over spending in 2004-05. Thus, in 2009-10 the government will have increased total annual spending by \$1.6 billion over 2004-05; many students and members of the general public I've spoken with have been left with the incorrect

impression that total government spending will have increased by \$6.2 billion."

So you may want to comment on that.

There's a little more here. His second note:

"(b) The final two years of the investment, 2008-09 and 2009-10, stretch beyond the current government's mandate, and these 'beyond mandate' commitments represent close to 50% of the total cumulative investment. Thus, the government is able to take credit now for spending commitments they may not get a chance to make later. To be fair, universities and students have been asking for predictable, long-term funding commitments—but the investment is only as predictable as the outcome of the October 2007 election result.

"To get a better understanding of the impact of 'Reaching Higher,' the investment must be placed in the broader context of enrolment growth, tuition fee increases, inflation and the share of operating grants targeted to universities. The Council of Ontario Universities recently released a chart that includes these elements"—and the chart is called "Government Investments: University Share, Enrolment Growth, Tuition, and Inflation." The notes to this chart say, "This chart demonstrates that when inflation, enrolment growth, tuition and the university sector's share of the funding are factored into the equation, funding per basic income unit will actually decrease slightly over the course of the investment."

"How can this be," he continues. "Two factors come into play:

"(a) The government has committed to increase enrolment by 14,000 students by 2009-10. While enrolment growth is laudable—additional enrolment will allow more Ontarians access to a university education—it will account for the majority of new operating funding, making it difficult for universities to increase student-to-faculty ratios"—which I believe I read recently are as high as 35 to 1 at the U of T and, on average, about 24 to 1—"or other measures associated with improving quality.

"(b) Almost 25% of new funding has been dedicated to student financial assistance. Again, a very positive investment on the surface. Unfortunately, increased enrolment will also increase demand for student assistance. Thus, much of this investment will fill that demand, and will not likely increase the amount of assistance available per student. Matters could be made even worse if Canadian Millennium Scholarship Foundation funding, set to run out in 2009-10, is not replaced by the federal government.

"A detached look at the numbers reveals that the public should not be left with the impression that all is well with higher education."

I'll just get you to comment. Obviously this I think young fellow, Scott Courtice, in crunching your own numbers, is a little skeptical that this matches the impression you've left out there that you're spending \$6.2 billion more above 2004-05.

**Hon. Mr. Bentley:** Thank you very much. There was a lot in that question, so let me target a few points and comment on them.

First of all, the \$6.2 billion is the largest investment—a 35% increase in funding over five years. By any measure, it's a substantial amount of money. It's a necessary investment. It follows approximately 12 years when there wasn't an increase in funding in the system. The system has a lot of needs, and I think everybody has recognized that even with the \$6.2 billion in investment, there are others that still need to come to the table, such as the federal government, to make sure that we have the strongest possible post-secondary education and skills training system.

I make no apology for the fact that it's a five-year program. University programs don't start and stop on a dime. It takes time to hire faculty. It takes time to develop programs. It takes time to improve quality to where you want it to be. In fact, one of the things universities and colleges have been saying for years is that they want more predictability of funding, in a positive direction, so that they can appropriately develop and enhance their programming. That's what we provided. Through our multi-year agreement process, we're actually not only asking for commitments from the institutions but we are ensuring that governments themselves maintain the commitments.

Sure, it goes beyond the mandate, and I'd be interested to know whether the other parties are going to cancel the proposed investments. I'm very proud of the fact that this Reaching Higher plan contains a doubling of the student aid budget. From about 1993 on, the student aid budget was not increased, until we did, first, a little bit in 2004, and then much more fully in 2005. In fact, it decreased in a number of different areas, such as the elimination in 1993 of the upfront tuition grants. So when student aid did not increase but tuition did increase substantially, it meant that student aid was not available as it needed to be for the students who needed the money. I'm very proud of the increase in that investment.

The fact of the matter is that there are not only more students in the system today, but every student is a funded student, and that was not the history in the past. In fact, the Rae review noted that there were many "unfunded" students in the system. Institutions had taken on students, but those students had not been matched with government funding. So we are reversing that process. We're making sure that every student is a funded student and, of course, that will improve and increase the quality of education generally.

Just in terms of percentage and other increases, I understand that people like to bring several factors to the fore, and I've quite clearly said we need the federal government to fully engage in the post-secondary area and start investing in post-secondary education and training, start investing in the future of this province and the country.

But just by way of contrast, for approximately the eight or nine years before we became the government, college and university budgets saw a cumulative increase of approximately 8.2% or 8.3%. That was cumulative. Over five years we're increasing the operating budget

35%. That's a substantial increase, a necessary increase. It will make significant advances in quality and access for the people of Ontario, and I'm proud to have been part of a government that brought that approach in.

**Mr. Wilson:** Thank you. Don't you think it's a bit dishonest, though, to go out there with TV ads and that and say it's \$6.2 billion when 50% of that you may not even be around to deliver on? What this young lad points out is that you're actually spending less than \$250 million per year.

Mr. Kosario Marchese (Trinity-Spadina): I agree with the young lad.

Hon. Mr. Bentley: In fact, from the very beginning—Mr. Wilson: He's probably your researcher, for all I

Interjections.

The Chair: Allow the minister to answer the question. Hon. Mr. Bentley: In fact, from the very beginning we've said that the Reaching Higher plan is a multi-year investment plan—\$6.2 billion over five years. We've said that from the beginning. That was in the very budget, in the very speech. If you're complaining that it's not enough, I'm glad we're having that conversation, because it's the biggest investment in 40 years and it contrasts well with what happened in the years before, but it is absolutely accurate. We put out in the budget exactly how the money was flowing. If you go back to the 2005 budget, there's a chart right in the budget, as I recall, that showed you every year's investment by the lines.

I'm quite proud of that, and I'm quite proud of the fact that our government was prepared to say not simply, "Oh, for this year we're going to give you more money and then we'll play hide-and-seek next year." I'm quite proud of the fact that our government stepped out when we did not have a lot of loose cash sitting around and said, "We're going to invest in post-secondary education for five years to make sure that we have the strong

system we absolutely need."

Mr. Marchese: Come recession or otherwise.

Mr. Lou Rinaldi (Northumberland): The social contract.

The Chair: We're not in the House here, guys. Settle down.

Mr. Wilson: You mentioned, Minister, the federal government, and certainly in discussions about the fiscal imbalance Premier McGuinty says that Ontario universities and colleges still receive the lowest per capita funding in Canada. But if the federal government doesn't give you more money, will universities and colleges continue to get the lowest funding in the country?

Hon. Mr. Bentley: I hope that the question is not based on knowledge that you have about the federal government's intentions. I think the people of Ontario would be surprised and shocked if they thought that

the—

**Mr. Wilson:** I have no knowledge about the federal government's intentions. I'm not even a member of the federal party.

Hon. Mr. Bentley: If the government of Canada was sitting on a \$13.1-billion surplus and was not going to

devote some significant part of that to the people of Ontario to invest in post-secondary education and skills training—in fact, there is reason for some hope because the current Prime Minister, Prime Minister Harper, during the last federal election campaign had agreed to fulfill the terms of the McGuinty-Martin agreement for additional investment in post-secondary education and skills training, although we haven't received the money yet.

I think it's essential to the future prosperity of this province that we need the federal government, whatever the political stripe, at the table to invest more in postsecondary education and skills training. It was the unanimous position of the Council of the Federation—all of the provincial and territorial governments—in August 2005 that they needed to do that. The Premier attended a post-secondary summit in Quebec City in I think it was October 2005 with Premier Charest, Premier McGuinty hosted a summit in Ottawa in January and February of 2006, again with Premier Charest, to draw attention to and focus on the fact that we need the federal government to participate fully in post-secondary education and skills training. The Ontario government stepped up. We've put our money on the table. We've outlined it, as everybody says, for five years. Everybody knows the investment we're making there that we're not making in other areas. But what we do need now is the federal government to come forward and just-

I just want to add one other thing. You mentioned in your previous question the university per student funding. Actually, in 2003-04 it was \$7,020 per student, and it rises to \$8,095 per student in 2007-08. So it actually goes up. I was just handed this, so I thought I'd throw it in.

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Mr. Wilson: On that, I was on the board of governors of the University of Toronto at one time and I've always been curious in terms of if you happen to know—and if you don't know this, just get back to me. I would be interested to know over the last 20 years, if we could go back that far, year by year, what the student ratio—I don't know how you put it, but you used to say that for every \$1 a student put in, the government put in \$7. I think that was for arts and science, when I was going to school 25 years ago. I had hair then.

Can you get those figures? Because you allude to it in new funding, \$3 versus \$1 in the past, and 90 cents in the NDP days. Just overall, I wonder what students are putting in. The ratio's different, obviously, when you get into the professions, in medical school and that. But it would be interesting to know. When we were in government, we tried to keep the ratio relatively steady; now, mind you, that means tuitions go up. We did deregulate some, but in regular arts and science and that, we thought we were keeping the ratio of what I and my family have to contribute for me to go to school versus what the taxpayer puts in.

Hon. Mr. Bentley: So you're asking about the ratio of student participation in the funding versus the govern-

ment participation in the funding?

Mr. Wilson: Yes. Whatever way you want to express that.

Hon. Mr. Bentley: I indicated that over the previous governments before ours, for eight and a half years before we got in, for every extra dollar they asked of students in tuition, the government actually took out 15 cents, so that would decrease the ratio—

**Mr. Wilson:** It's not the extra dollar, it's—yeah, it would decrease the ratio, but generally what are they, though, in terms of complete dollars, not the increase or decrease?

Hon. Mr. Bentley: We'll take a look at that, sure.

Mr. Wilson: I'm just curious, because I've talked to student groups and I'm under the impression that they're putting in just as much as they did, that the ratio hasn't changed much over the years. But I don't know. So maybe we'll find out by—

Hon. Mr. Bentley: As I say, the Conservative government was taking 15 cents out for every extra dollar, so that would decrease the ratio. The NDP were putting in 90 cents for every extra dollar, so that would harm the ratio, but not very much. We're putting in—the people of Ontario are putting in an extra \$3 for every extra dollar that the students—

Mr. Wilson: But tuition fees are also going up.

Hon. Mr. Bentley: I agree. That's part of the process. During that eight and a half years previous to us coming in, tuition fees went up anywhere from 150% for undergrad programs to multiples of six, seven and eight times for professional programs, because of the various deregulation or expanded regulation approaches that the government of the day had to tuition. And what is—

Mr. Wilson: Have you rolled back any of those that

you opposed through those years?

Hon. Mr. Bentley: I'll come to that in a sec, but what is particularly noteworthy about that is that at the time that the tuition fees were skyrocketing—or going up a lot; however you want to express it—student aid didn't increase. The government student aid program didn't increase.

Mr. Wilson: I can't believe that. I was in cabinet for the entire eight years, and it seemed to me we were doling out more and more increases in student aid.

Hon. Mr. Bentley: The student was entitled to \$9,300 in I think 1993-94; that didn't change until we changed it to \$11,900 in 2005-06. Your student aid budget went up for a couple of years and then went down.

Mr. Wilson: So you're doing an average over the eight years?

**Hon. Mr. Bentley:** What I'm referring to is the amount of student aid that an individual student was entitled to. That never moved.

**Mr. Wilson:** But is that total including the student aid that we required universities, for the first time, to tie to their increased tuitions?

**Hon. Mr. Bentley:** To do a set-aside. You had the set-aside program.

Mr. Wilson: Which you should include in your calculation, because it was all tax dollars.

**Hon. Mr. Bentley:** No, I'm not sure those are tax dollars, a set-aside program that the institution manages. What we're talking about here is a governmental aid program that appears in the estimates.

Mr. Wilson: But it was all considered one package for us. We asked the universities—which, by the way, wanted to deregulate some of these professional colleges. We asked them and they said, "Fine. If you're going to do that, you have to tie 35% of your increases to more student aid," and the whole package of student aid, I believe, went up.

Hon. Mr. Bentley: The irony of that, of course, is that it places even more pressure on the tuitions and the students who were essentially funding post-secondary education during those eight and a half years, that they would pay more and more, because the government wasn't participating. I understand that we can come up with some of the ratio information.

**Mr. Wilson:** Okay. I have one question in terms of continuing on these funding lines, but this past summer you had a hand-picked arbitrator who announced an award for college faculty that was more generous than the amounts provided in provincial funding. Are you addressing that problem?

Hon. Mr. Bentley: I'm not sure what you mean by "hand-picked." The two sides decided on an arbitrator following the conclusion of a strike to resolve their issues by way of arbitration. They returned to work. The arbitrator handed down a decision. That is the basis for the award.

**Mr. Wilson:** What's your shortfall between the effect of his decision and your ability to fund it at this point?

Hon. Mr. Bentley: In the first year of the Reaching Higher plan, we increased funding for colleges. I think it was between 12% and 14%. In the second year, I think the funding goes up an average of about 7.5%, 8%. We front-loaded the increases because we realized that colleges in particular had not had any real increase in funding for many years.

Mr. Wilson: But you know, that's a bit like the school board side, where you gave teachers a raise but you didn't necessarily make sure there was enough money in the system to help the school boards cover that. You did the same thing, or through the arbitrator the same thing occurred, in colleges. What is your shortfall there, and do you consider it a problem? I'm being fairly easy on you, I think.

Hon. Mr. Bentley: I think the two parties negotiated and the arbitrator handed down an award. That is an award that's being implemented. My point is that the taxpayers of Ontario are investing a substantial additional amount in the college funding so that by the end of the fourth year—by the end of the three-year multi-year agreements plus the interim year—the average college will have received a 26.4% increase in base operating funding. That's a very good increase, a very substantial increase. Does it make up completely for everything that everyone would like to do? We do need the federal government at the table and we look forward to them

coming to the table. But we believe the taxpayers of Ontario are making a substantial and significant funding increase for colleges to enable them to offer high-quality programs and additional access to those programs.

Mr. Wilson: In terms of giving colleges and universities more money—I'm going to have the figure wrong, but Dr. David Naylor was telling John Tory on a tour that John took two or three months ago that his hydro rates are eating up 50% of his increase in operating grants. I'm sure that wasn't the intention of giving them more money in operating grants. I'm sure it was the intention, as it is of every government, to improve quality, to improve access and to improve the overall experience for students, but unfortunately 50% of what you gave him has gone out the door to the gas man and the electricity man. So it's great to say you gave this much money, but half of it's gone to something they have no control over, and certainly your government does have control over some of that. What are your comments on that?

Hon. Mr. Bentley: It would have been interesting to have been on those tours during the previous 10 years to our arrival because, as I say, during about nine of those years, the total cumulative increase for college and university funding was eight point something. We know that costs would have increased substantially more than a cumulative total of eight point something over all those years.

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The taxpayers of Ontario are making a very substantial increase in college- and university-based funding. We're pleased to do it. It's important. We want it to go as far as possible, because money is challenged. And we'll continue to look for ways to encourage the federal government to step up to the table so that we can all do even more.

**Mr. Wilson:** The history lesson is always interesting. You're all reading from the same hymn book, we've noticed in the Legislature recently. It must have been an interesting seminar when they gave you all those lines.

But the people of Ontario really don't buy that. You should tell them. You claim to be giving them \$6.2 billion, which we know you're not, because 50% of that is committed after you might not be in office, so it's no commitment at all. If 50% of that 50% is going out the window for higher utility and energy costs, and increased enrolment is digging up a lot of other money that you gave them, I don't really see that they're that far ahead, when you actually crunch all the numbers and the bills are paid. So you can claim what you want, I guess.

Hon. Mr. Bentley: I think it is important to compare and contrast. I think the points you make about increasing utility and other costs are important costs. Again, one wonders what happened during the previous 10 years, when your government, for example, cut college funding during its first two years and they never, ever got back to the level of funding until our first year.

I think it's important to recognize a substantial investment the people of Ontario are making. I think it's important to recognize what we've always said: \$6.2

billion is a substantial sum of money, and it is over five years. I make no apology for the fact that it's over five years. You made reference, on a couple of occasions, to some of the funding coming in after the next election. Well, I hope nobody here is saying that your position going into the next election is that you would cut the funding.

**Mr. Wilson:** You can announce anything you want. Why don't you announce the moon and see if we can make it there with the meagre grants you're giving? It's just dishonest. That's what it is: It's dishonest.

**Hon. Mr. Bentley:** I think the word is inappropriate.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): On a point of order, Mr. Chair: I don't know whether the rules of the House apply also in committee. If so, might I suggest that the honourable find some other terminology. I leave it to the Chair to determine how one proceeds.

The Chair: We'll all calm down a bit here, as we get near 5 o'clock on a Thursday afternoon. I ask members to please watch their language in their conduct of business here at the standing committee on estimates.

Mr. Wilson: I think we're on Wednesday afternoon.
The Chair: Oh, it is Wednesday. It feels like Thursday.

**Mr. Wilson:** Just a simple question: If students don't qualify for OSAP, they will not qualify for assistance under the student access guarantee, so how will the province ensure assistance for these students? Correct me if I'm wrong.

Hon. Mr. Bentley: The student access guarantee will combine the Ontario student assistance program with institutional assistance. It says to all students, "We don't want you to be denied the money you need for your tuition, books and mandatory fees." What it says to the institution is, "You can't be increasing fees unless you're complying with and fully participating in the student access guarantee."

We're going to make OSAP an entry point for the guarantee. It's a way we can encourage all to go into OSAP. Many institutions now—you'd be aware of this, probably—if you go to the financial aid office not having access to OSAP, won't consider you, because they'll only consider you if you qualify for at least a dollar of OSAP funding. So we're encouraging everybody to go in.

**Mr. Wilson:** I was in OSAP. My parents had six kids in university at the same time. They couldn't afford any more. Every government has tried to change the rules to make it fairer, but it seems to me you're piggybacking. We brought in a student access guarantee.

I'd like to know, first of all—you mentioned if they were complying—were there colleges and universities not complying, that were raising their tuitions but not setting aside money for financial aid?

Secondly, you've sort of muddied the waters. You're piggybacking on that program, and saying that it's a Catch-22: If you don't qualify for one program, you don't get this; if you don't qualify for that program, you don't get that. In my case, for example, and that of many

of my constituents I've heard over the years, the parents, for one reason or another, are not contributing one penny. Therefore, the students are very much left on their own, and OSAP only gives so much, as you know, even with your increases. The idea of the student access guarantee was to make sure it was truly a top-up and not just a

piggyback program of some sort.

Hon. Mr. Bentley: With respect, the way the program worked under the previous government, it was a set-aside program; it was not an access guarantee program. The institution had to set aside a certain amount of money. But there wasn't a required relationship between raising tuition fees and ensuring that students who came before it who didn't have access to the tuition books and mandatory fees would have access to the funds. That was compounded by the fact that the entitlement to student assistance did not increase for 10 years before we became the government. So what we're doing now is making sure, first of all, the two programs work together—they did not-second, that there is an entry point-and there is—third, that there is a relationship between an institution's appetite for increasing its tuition fees and the obligations that would be created, not only on the government side through the OSAP program, but on the nongovernment side through the institution program, to make sure that those students who will be adversely affected by the increase in fees because they don't have access to the funds actually get access to enough funds to get in.

Mr. Wilson: So how many students that don't qualify, for one reason or another, for OSAP now no longer have access to the student access guarantee? You could apply

separately before. One wasn't tied to the other.

Hon. Mr. Bentley: You're talking about applying for institutional aid, because there wasn't a student access guarantee.

**Mr. Wilson:** Then explain to me the student access guarantee.

**The Chair:** That explanation will be the last question in this round.

Hon. Mr. Bentley: What the student access guarantee says is that if you, as an institution, want to increase your tuition, you have to participate in it. It ensures, with government and the institutions working together, that a student who qualifies academically will not be denied access to the institution because they can't come up with the funds for their tuition, their fees—

Hon Mr. Wilson: But that was already in place.

Hon. Mr. Bentley: No, it wasn't.

**Mr. Wilson:** You renamed it, but our policy was that every qualified student—

The Chair: Order. Mr. Wilson, I did indicate that your time has expired. Minister, do finish responding to the earlier question.

Hon. Mr. Bentley: Just a sentence, if I could: What you had was an institutional aid program that was fed by set-aside. You did not have an access guarantee to ensure that students who couldn't find the money had a means of getting in and were not denied access because of tuition increases.

The Chair: Thank you. We'll move now to the third party. Mr. Marchese, you have 30 minutes of time.

Mr. Marchese: Given that we have seven and a half hours together with the committee, the minister, the deputy and other staff, including political staff—I wish I had political staff that was able to feed me information on a regular basis. You're so lucky, Mr. Bentley. What I want to do is simply make some remarks so that they will not be filtered by the minister, and when I'm done, I'll have some questions for him.

The Chair: Fair enough. It's your half-hour, sir.

Mr. Marchese: That's the idea.

Just to do a little review for the Liberal members on the other side-because the minister knows this-for their benefit: The student contribution in 1994-95 was about 22% for their own education. Now, in 2006, we are at 44%. Recall that in 1990 to 1994-95, there were no programs that were deregulated, as they were under the previous government and as they continue to be under the Liberal administration, which means that programs in dentistry, law and medicine have skyrocketed in terms of the tuition that students have to pay. We're talking about some students paying anywhere from \$12,000 to \$17,000 a year in some of these programs, excluding books, excluding the cost for any student who has to leave home and go to another city. Imagine that. So you've got deregulated programs where the students are, in my view, borrowing a whole lot of money from the banks because they're not eligible for loans. And those loans that you borrow from the banks come with a cost: You've got to start paying interest right away. I'm telling you, it's a life debt sentence for many students.

1700

Just to tell you, Lou Rinaldi, when I was a student, I graduated with a \$1,700 debt. I thought it was going to take me forever to pay it off, and it did.

Mr. Rinaldi: In 1940?

Mr. Marchese: We're talking 1996—not 1996; sooner than that.

Mr. Rinaldi: Just kidding.

**Mr. Marchese:** We're talking 1976-77—1,700 bucks. We're in a good economy now. Wages are going up. It took me forever to pay it off.

Now you've got students paying anywhere from \$25,000 a year to \$70,000 or \$80,000 a year, depending on the program they're in. The Liberal administration says, "That's okay." The Conservative administration used to say that was okay, too. I'll get to what the Liberals are doing to deal with that in a moment.

The Harris government in 1995 said student contributions should not exceed 25%. We are now at 44%. What does that contribution amount to by way of dollars? It's \$1.5 billion. I believe the ministry budget is \$3.5 billion. The minister, given that he's got a great deal of knowledge in his head, would be able to tell me the accurate amount if I'm a bit off. We're talking students paying \$1.5 billion, close to half of their own education.

The Ivy League proponents advocate for higher tuition fees. They say, "Let the rates rip. It's okay." If you've

got a rich mama and papa, it's not a problem. Most of us Canadians don't have rich mamas and papas. We come from modest backgrounds, which means we struggle, which means most of our students don't have access to loans, which means most of our students don't have access to grants, which means we're on our own. So if you happen to be in the Ivy League of Minister Bentley's cabal, grouping, class, category, you're okay, because they're asking you to contribute more to pay for tuition fees. I believe that this is a problemo.

To be fair, the Liberals froze tuition for two years—God bless them—and students thought, "My God, this will continue." To be sure, they were so wrong. I was right in predicting that they were going to get whacked once the freeze was over, and they did. They're getting whacked with 20% tuition increases. That's historic, not the \$6.2 billion that's coming, but the 20% whacking of students with these historic tuition increases. How come the minister doesn't use "historic" to talk about the increases?

How could Liberal MPPs feel so okay about these 20% tuition increases? Surely they've got children. Surely they would know—as I do, having had one who left university with a \$30,000 debt, and the other two still in university—that it's expensive. It's painful to those students and painful to those parents who cannot afford to help them. The government, the Liberal administration, says, "That's okay. The current tax system redistributes income fairly. The income tax system is a fair way to collect money and distribute it to the general population. The argument that the current system subsidizes the rich, as some advocate, is false."

Hugh Mackenzie, the economist, whom people probably don't appreciate because he doesn't say what government proponents want him to say—they disagree with Hugh Mackenzie—states, "The current system does not subsidize the rich, but the proponents of higher tuition fees"—which includes this Liberal administration that supports this view—"are aiding and abetting the need and the view that we've got to shift away"—although Mr. Bentley doesn't say it—"from government support to greater individual contribution to pay for their own education."

The argument is made as well, and it's made by Mr. Bentley and others—not just him but others in the Liberal administration and beyond—that this is not just a public good but a private good. In fact, as Mr. Rae-who is now running for the Liberal Party—and others are saying, you individually benefit from a university and college education. Therefore, Mr. Rae and other Liberals argue, you should pay your fair share. Well, what is your fair share? When students contribute 44% of their money for their own education when it used to be 22% 10 or 11 years ago, what is fair? How high will tuition fees go? The Liberal administration just raised tuition fees by 20% for the next four years. That means students will be paying more and more of their education. Under a Conservative government we saw tuition fees go up and government support go down. Will this happen under a Liberal administration? Yes; not as badly as the Tories, but it will continue under the Liberals. More and more students will have to pay more and more of their education.

We believe it's the wrong policy approach. Liberals say that having a good education—post-secondary, college, university—is important to economic activity and economic competitiveness. We agree. If that is true, why are governments not contributing much more and going to the lower levels of student contribution rather than moving in the opposite direction? If the Liberals acknowledge that it's a common good, what is that balance? Is the balance 70-30, as the OUSA organization recommends, which I am closer to by way of a political ideology, or is it 50-50, or will it be 60% tuition coming from students and 40% from government? What do you think, Liberals, is that right balance? The right balance is—moving more and more, it seems, under a Liberal administration—the students will pay more. We're shifting the direction from government obligation to Darwinian policies where, if you've got a rich mama and papa, that's okay, and if you don't, too bad, so sad kind of politics.

The government, being sensitive to the criticism of higher tuition fees, introduced a grant system. So in 2005-06, only those earning under \$22,000 were eligible for the grant. The government makes it appear, "We've introduced a grant system."

Interjection.

Mr. Marchese: You did, and I appreciate that. Students appreciate it.

Interjection.

**Mr. Marchese:** Right. Deb Matthews applauds that, and she should; except, Deb, how many are eligible for that grant if you're only eligible if the family income is \$22,000? You see, if you've got two people, Deb—

Interiection.

Mr. Marchese: I know; the minister knows. I'm talking to you because the minister knows everything.

Interiection.

Mr. Marchese: I know.

So, Deb, if you've got two people working at Loblaws, Wal-Mart, earning minimum wage—what might that be, \$14,000?—and together they earn—

Interjection.

**Mr. Marchese:** Mr. Delaney will contribute soon—and together they earn \$28,000, those two individuals with an income of \$28,000 during that year wouldn't be eligible for any grant. We're talking really low income, aren't we?

Ms. Deborah Matthews (London North Centre): It's a start.

**Mr. Marchese:** Wow. Deb Matthews, it's a radical start. My, that's so historic, you should just clap yourself silly.

The government, having been stung by the criticism that only the poorest of society were eligible and the majority of people were not eligible, changed the system in 2006-07 so that now we have more people eligible. So people whose income is now \$76,000 or \$75,000 are

eligible for a grant. I would be curious to know—and I'll have questions for Monsieur Bentley as soon as we have a chance—how much are they getting from that grant if a family is earning \$76,000? Because I wager, Deb, they're not getting very much. And if you have any information, you should pass it on.

1710

It makes it appear that Mr. Bentley is really helping families with an income of \$75,000, but not much. Our estimate is that 10% of families will be eligible in one form or another for some grant and 90%, Deb—most of your constituents—are not eligible for a grant. We're talking relative middle class, low income to the middle class, higher income not being eligible: 90%. But you're proud of that; Minister Bentley's proud of that.

The gap between high income and low income is shamefully high and has not improved in 20 years.

The high fees do have an impact. Contrary to the views of Liberals and others, the high fees do have an impact, and I want to give you some examples to show you why that is. The Department of Epidemiology, University of Western Ontario, studied the effect of deregulated tuition fees on accessibility, something that you like to talk about very much. "By the fourth year of the study, when tuition fees had risen to over \$10,000, only" 7% "of students hailed from homes of family income less than \$40,000 ... a 50% decline in the participation of low-income students."

So you see, just by that mere study, the deputy would know and the minister would know that there is an effect on tuition fees in terms of who actually participates in some of these courses. You can deny it. The minister will never dare to comment on this. He'll just say something else, because he's got to, because he can't answer the question directly; he can't.

Mr. Rinaldi: Try it.

Mr. Marchese: We will. We have seven and a half hours.

Interjection.

Mr. Marchese: Nah, Deb, take your time. We have seven and a half hours.

The minister did comment in the debate he and I had in Kingston. I suspect he won't answer it here today, but he's getting a lot of notes and I hope he'll be able to do that today.

Here's another survey.

Mr. Rinaldi: Ask a question.

Mr. Marchese: We have time. Lou, I need you to hear. I know.

The survey of physicians, medical students across Canada, of 1997, year 2004, reveals a similar pattern in participation by students from lower-income families, meaning that students who come from lower income are affected, that it does have an impact in terms of their career choices, in terms of where they can and will not enter based on the high tuition fees.

Lou, here's another stat for you: In 2005, Stats Canada released a report that demonstrated an alarming 50% decline in the likelihood of middle-income students en-

rolling in high-fee programs such as law, dentistry and medicine. See, I didn't make that up. Stats Canada gave you that fact. You have to take these stats seriously. You don't have to take me seriously, because you don't have to.

Mr. Rinaldi: Well, we do.

Mr. Marchese: But you don't have to.

Mr. Rinaldi: Not always.

Mr. Marchese: But you can't dismiss Stats Canada, which says that high fees do impact on the career choices students make.

The Reaching Higher plan of the Liberal administration at best will allow universities to reach the middle range, which is in general terms described as mediocrity: \$1.2 billion more by 2009-10 will bring funding to the national average. Think of that, Deb. We are one of the wealthiest provinces in Canada, although Alberta is squeezing us a little bit, but we have been the wealthiest province in Canada. Assuming we're going to get that contribution made by your government through Mr. Bentley, we'll be at the national average.

That's pretty sad. It's pretty depressing to think that we are wealthy, we've got the bucks, and that by 2009-10 we're going to be at the national average. It's—

Ms. Matthews: From dead last?

Mr. Marchese: Dead last, yes. Now here you go, Deb. So you're proud of being in the medium range. Okay, that's fine. I understand that. But you've got to understand, Deb: The bulk of your money, of the \$6.2 billion that Minister Bentley is proud of, \$4.2 billion comes by 2009-10. That is the bulk of the money. Mr. Bentley says, "I'm proud of that." Of course he should be, but he's slightly disingenuous, you see, because unlike his argument, I support the young lad who Jim Wilson quoted. That is to say, it would be more honest if the government were to say, "Here is our contribution for 2006-07, after which, or during the time we're into an election, we're going to promise four billion more dollars." Why don't you just say what you've contributed now and contributed for the last year of your administration? People know, we'll know-rather than saying, "We are investing historic amounts of money of \$6.2 billion," and he stops there. Only when pressed does he say and others say, "2009-10."

Here's the problemo, Deb: You don't know whether you're going to be elected. Mr. Bentley says, "Ah." But if you're going to not promise that if you get elected, it's a fair question, I suppose. But, Deb, what are you and the minister going to do if there is an economic recession?

Here's what I think you will do. Mr. Bentley, if he's still the minister, if you're re-elected, is going to say, "Ah, we did want to make that investment. Yes, we did promise it, but the recession, a slowing economy, fewer dollars—" You might even promise that the health tax—most hated by many in Ontario, particularly the Tories, because they don't like any taxes. Most likely you may even decide you're going to cut that down a little bit, which means you'll have less income coming in. Just to be able to compete with the Tories, I predict you might

do that. If you do that and that is your only source of revenue—your only source, \$2.4 billion—in a slowing economy, and you decide electorally to announce that you're going to take less, or cut that \$2.4-billion health tax—

Interjection.

**Mr. Marchese:** I'm just assuming you might. I'm just assuming.

Mr. Bob Delaney (Mississauga West): Rosie, you of little faith.

**Mr. Marchese:** I know. But I want to raise the issues, you see, because you never know what you might announce next year during an election. Who knows?

I say to you that if there's a slowdown in the economy and you get re-elected, you're going to say, "We didn't anticipate that. Sorry. We're just going to have to cut back." But all along, you have the luxury of saying, "We're investing six billion bucks"—

**Mr. Delaney:** That wouldn't be like the social contract, would it?

**Mr. Marchese:** Oh, but Mr. Delaney, you'll have such an opportunity to speak soon, and you can speak to your heart's content.

So the Reaching Higher plan is, to use a nicer term, not as honest as it should be. It is certainly disingenuous. We put these out for the record so those watching will know, those who will seek Hansard will know, and it's important for them to know.

Then you've introduced what's called a \$210-million quality improvement fund, which I argued equals \$3.6 million per institution. Is that a lot? I don't think so. Is it more than zero? Yes, it is. Is it better than zero? Of course it is. As Mr. Bentley says, "Is it enough? No. Can we do better? Yes." That's what he says in the debates. And he sounds so cheerful and hopeful: "Yes, of course we can do better."

The point is, it's not a lot. It's hardly enough to deal with the student-faculty ratio, which is the worst faculty ratio in the country still. Do you understand, Deb? The worst faculty, teacher, ratio in the country.

Interjection.

Mr. Marchese: No, you don't.

What does it mean? Deb, do you know that you have the worst faculty ratio in the country? And if you knew, how could you live with that and say, "Ah, it's okay. It's the price you've got to pay"? It's not the price we've got to pay. It affects the quality of teaching. If you've got more students, as a professor, it means the direct connection to the student is less and it means the quality between those two groups is less.

We're the wealthiest province in the country. We're losing some of that status, to be fair, but how do we allow that? We have some of the largest class sizes in the country. How do we allow that? One of the richest provinces in Canada, and we value education. Liberals talk about how much we value it, yet we have some of the largest classes in the country. We have the worst faculty-student ratio in the country, but we value post-secondary education, we say. You see how I argue it's

disingenuous to say these things? Professors have fewer lab assistants, fewer computer assistants, fewer administrative assistants, fewer librarian-technicians, less-equipped libraries in our college and university system. We have fewer academic librarians, we have fewer full-time faculty. Statistically, OCUFA says, for every 2% increase in enrolment there has been a corresponding 1% decline in the number of full-time faculty—more students, fewer full-time faculty. The wealthiest province in the country; we value education, we say. We need to improve service standards for students. Is \$3.6 million per institution a lot? Not much. Is it better than zero? Of course.

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In colleges, real per student funding is down by 41%, even with a Liberal administration. Enrolment has gone up 53%. We have fewer full-time faculty in colleges, and in universities, as I said. Part-time college professors cannot unionize in Ontario. Part-time college professors cannot unionize in Ontario. Only in Ontario, you say? Yes.

Mr. Delaney: Run that one by me again.

**Mr. Marchese:** You mean you want me to repeat it three times?

Mr. Delaney: Yes.

**Mr. Marchese:** Are you playing with your computer?

Mr. Delaney: No.

**Mr. Marchese:** Yes, you are. Part-time college instructors cannot unionize by law.

**Mr. Delaney:** In other words, a part-time instructor at Ryerson?

Mr. Marchese: Yes, right on.

Mr. Delaney: Do you want me to bring in my CUPE card, from when I taught there?

Mr. Marchese: Well, then you can support my bill.

The Vice-Chair: Okay, guys. Just keep going with your comments, Mr. Marchese. We don't need any questions and answers now.

**Mr. Marchese:** You can support a bill I brought that's in the books. You should be the one who says, "I'm right here with you, joining you," because you're wrong. Why don't you do that?

The Vice-Chair: Okay, we're not going to debate.

Mr. Marchese: We can.

**The Vice-Chair:** No. You're questioning the minister. By the way, you have five minutes left.

**Mr. Marchese:** Thank you. That's the idea.

In Quebec—which, by the way, suggests that it is possible for a provincial government to accomplish its goals and objectives if it wants—tuition fees do not increase beyond 2,000 bucks in any program. How do they do that? Why do they do that? How do they manage to do that? What is different about Quebec that is achievable in a province in Canada, but Ontario, the wealthiest province in Canada, cannot do that? Why? We can raise the bar a little bit, and we need to, more than what this government is doing.

Minister Bentley talks about needing to get the federal government to contribute a little more. It's true. I was in a government from 1990 to 1995 where we lost a great

deal of financial support for our post-secondary institutions, for our health and welfare. It started under Mulroney. In 1993, when Mr. Martin got elected, he slashed support even more than Mulroney did, in a good economy. How do you do that in a good economy? He reduced support to post-secondary institutions. So both Conservatives and Liberals have done that, and while it is true that the Liberals restored a lot of that support in the latter part of their dying administration, it never quite matched the levels of the dollars we lost.

But is it right for the provincial government to go begging the federal government to give them more? Don't they have the fiscal policy tools to deal with that on their own, instead of saying, "We can't do it. We can't reach out into the pockets of taxpayers. No, they won't like it. But we can reach out into the pockets of students, can't we?" We should deal with our own problems. We do have the financial policy tools at our disposal. We can't go begging the federal government to continually solve problems that you can solve.

The Vice-Chair: You are now complete, Mr. Marchese?

Mr. Marchese: Thank you.

The Vice-Chair: Thank you very much. We now have up to 30 minutes, Minister, for you to respond to any of the comments made by the other parties.

Hon. Mr. Bentley: Ordinarily, I wouldn't take the 30 minutes, but having just listened to a tour through a library, and having spent a long time listening to the fiction section, I think it is important that we actually get the facts on the table.

I think the people of Ontario should be proud of their \$6.2-billion investment in post-secondary education and skills training. I am fascinated by what I've heard from other parties saying how much more should be done. The passion, the fire in those comments is wonderful to hear. You wonder where it was when they had the chance. So let's just review where we were, where we are and where we need to get to.

The \$6.2-billion Reaching Higher plan over five years is what it has always been, but I think now we know that we need to be careful. The \$6.2 billion outlines a spending plan for five years, and both of the previous speakers have said, "Oh, there's an election coming up." I guess maybe they are subliminally sending us a signal that they wouldn't follow those investments. Is that what they're doing? Gee, I hope not, because post-secondary students in this province during both the NDP years and the Conservative years that followed did not get the investment in post-secondary education and skills training that they should have. That's why we set out a five-year plan, so we could see a progressive investment in the necessary knowledge and skills that not only individual students but this province needs for the future. I am concerned, having heard both previous speakers make mention of the fact that the plan goes beyond October 4, 2007, and you may wonder whether they would propose to cancel those investments. It's interesting, because at the same time they say that, they say, "Do more, do

more, do more." So I'm not quite sure what the complaint is.

The funding: For many years, this province has been at the bottom of most tables, and the question is, how do you move forward? Everybody talks about the need for post-secondary education and skills training investment; everybody talks about how important it is; everybody says, "Oh, yes, that's one of the things we'd like to do." But guess what? They haven't done it. That's why the Reaching Higher plan was the most significant investment, in dollar terms and percentage terms, in 40 years. It is a 35% increase in the operating budgets of colleges and universities. By contrast, the previous nine or so years saw a cumulative total increase to those budgets of between 8% and 9%. That's a cumulative total, for all years. The Conservative government spent the first two years cutting and, as I mentioned before, in the case of colleges, they never got back to the level of funding that they were at when that government started. And the NDP started cutting back in the last couple of years. The first two years of our plan? It's an over-20% increase in the operating budgets for colleges and universities. That is a substantial increase in funding, and one we're determined inures to the benefit of students.

What we said was that we would take a multi-stage approach. We said we would freeze tuition for at least two years, and we delivered. That is a significant event, because it's the first time tuition's been frozen in the province of Ontario—period—in the recorded history of at least four decades. It's particularly noteworthy to talk about that two-year tuition freeze in light of the previous speaker's passion for the issue—such passion about tuition. So you would instantly assume that when the member had the opportunity to do something about it, when the member was there as part of the government, as he said, between 1990 and 1995, that tuition went down. No. It was frozen? No. What happened to tuition? It went up almost 50% over five years.

Mr. Delaney: Tell us it's not so.

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Hon. Mr. Bentley: Say it's not so; that is absolutely right. How is it possible that such passion could be brought today to an issue that has been around for decades and yet no freeze took place between 1990 and 1995? How is that possible? We know what happened between 1995 and 2003. We know there was no intention to freeze and there was no freeze. So we froze for two years.

We asked Mr. Rae to conduct a review with the other commissioners, and he said what we all knew: The system required additional investment. The system required additional investment by government, the system required student aid improvements and the system required investment by students. It's a multi-part approach.

The first part was the funding by the taxpayers of Ontario through the government of Ontario. Let's be clear: It is the taxpayers of Ontario who fund the programs. For some, the solution to every problem is to

increase taxes and reach into those taxpayers' pockets. But instead, we have to make sure that substantial funding increases achieve results.

We said that there would be improvements to the student assistance program. I heard some of those student assistance improvements described by my colleague from Trinity-Spadina. I don't know where he's reading from.

Mr. Marchese: Tell us the facts.

Hon. Mr. Bentley: I think it's important that we do all understand what the facts are. There is a 50% increase in the budget for student assistance over the life of the Reaching Higher plan. But it means more than that. It means that the total amount of student assistance an individual student is entitled to went from about \$9,350, where it had remained for a decade, to \$11,900, a 30% increase. That's important. That's access.

It meant more that, though, because everybody knows—or they should, when they read the research—that one of the most significant barriers to students from low- and middle-income families is the challenge of coming up with that front-end payment. So the upfront tuition grants, which have been in existence in Ontario for many years, were always an important access tool. They were eliminated in 1993 by the government of which the honourable member from Trinity—Spadina was a member. The Reaching Higher plan restored those.

Let us be clear about the eligibility for those upfront tuition grants, because I heard the member describe variously the purported program and who's eligible. In fact, this September, 60,000 different students in post-secondary education will receive between a quarter and all of their tuition paid—

Mr. Marchese: Can we get that information on paper?

Hon. Mr. Bentley: —from families up to \$75,000 in income. It's on paper. It was in the release. You were asking about the details of the program, and we're providing them to you. The people of Ontario should be proud of that program. That's real access—60,000 different students; not 10% of the students. One in eight students gets an upfront tuition grant. But there is another type of grant.

Mr. Delaney: There's more?

Hon. Mr. Bentley: There is more. There is another type of grant, and that's the grant that is created when a student has access to more than \$7,000 in assistance—because the student does not have to pay back more than \$7,000 of the assistance he or she receives in a year. If you receive \$11,900 in assistance, for example, what you get is the assistance interest-free for the life of your post-secondary institution, and what you have to pay back is only \$7,000. So the \$4,900 is, in fact, a grant. Another approximately 60,000 different students will benefit from that program. So the total for grants is about 120,000 different students. Some receive both; they will qualify for the grants. That's important. That is real access for the poorest students and for middle-income students.

Why did we pick \$75,000, Mr. Chair and members of the committee, you might ask? Well, the reason is that \$75,000 is just above the median family income in the province of Ontario. So, in fact, we wanted to make sure that middle-income families were eligible for the grants. That's important, because, of course, access is essential if you're to get in and succeed.

What about OSAP itself? When you apply for OSAP, of course, they do a needs analysis, and your eligibility for assistance depends on criteria such as the cost of the books in your program. Interestingly enough, what you had been allowed for things like books had not changed, in some cases, in 20 years. Everybody here knows that the cost of books had increased over the previous 20 years.

Mr. Marchese: But who's eligible for OSAP?

Hon. Mr. Bentley: We updated the measures, increased the amount of assistance that you'd be eligible for, so more and more students—in fact, there were, this September, approximately 480,000 students in post-secondary education, of whom we estimate almost 200,000 qualify for OSAP of some description or other. That's access, and that's important.

Of course, in addition, there will be various institutional aid programs. There will be various institutional aid programs that will work, hopefully, hand in glove with the government assistance program, and that's one of the things that we're determined to ensure. We're determined to ensure that the governmental aid programs, whether it's through OSAP, work hand in glove with the institutional aid programs so that we can ensure that students who need the assistance get the assistance they need. That's access. That's what the student access guarantee is all about.

One of the things that we heard time and time again is that many people don't know about what's available through OSAP. Many people can't navigate the system. Many people don't know how OSAP works together with institutional aid programs. It's important that they come together. It's all about being user-friendly and letting students get into the programs. That's why we are making a concerted effort to bring the two together through the student access guarantee. There is a relationship between an institution's decision to raise tuition and the effect it has on the access of others. It is not a relationship that was recognized very well in the past. It is a relationship that we recognize now, and we're determined to ensure that students get in. So we are working toward a much easier access point. We are working toward a student access guarantee. We're working to ensure, as I said, that students in financial need have access to the money they need for tuition, books and mandatory fees. And that will be a significant improvement in access for the people of Ontario.

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But of course, access has another aspect. If you go to the theatre and there are 1,000 people who want to get in to see the movie, but there are only 100 seats, then 900 don't have access. If you're going to give those 900 access, you have to build a bigger theatre or run it in two theatres, or three or four. That's what we've done with

the post-secondary system. We have ensured that 86,000 more students will find a place in post-secondary education in our institutions over the 2002-03 numbers. That is 20% more students. That's real access, at the end of the day—real access for the students of Ontario, real access for the hopes and dreams of Ontarians and Ontario families.

But of course, it goes beyond that and that is why we have said we will dedicate additional funding to ensure that students from traditionally disadvantaged groups—persons with disabilities, aboriginal persons, first-generation students—francophone students are represented in the same degree but it's been traditionally difficult to find French-language programming with the same richness and diversity they would like. So we've said there should be additional funding to ensure access to post-secondary education and success in post-secondary education by individuals such as those. That's why we have additional programs to ensure that takes place.

You heard over the previous few minutes much characterization—and I want to return to this—of the tuition framework. I think it's important to set the record straight and make sure that the people of Ontario who may be tuning in to these committee hearings, to the estimates program, actually know what the facts are.

During the course of our government, the first year, tuition was frozen, but we also funded the freeze to make sure institutions didn't fall further behind on the quality agenda. The second year, tuition was frozen, but we also funded the freeze to make sure that quality didn't fall further behind.

**Mr. Marchese:** The third year they get whacked. **Hon. Mr. Bentley:** The third year? The third year—*Interjection.* 

**Hon. Mr. Bentley:** The third year will see institutions able to raise their tuitions a maximum average of 5%—

Mr. Marchese: A mere 5%.

**Hon. Mr. Bentley:** —within a fully regulated and predictable framework, which means that for 90% of college students, their fees will have gone up less than \$100; for 70% of university students, their fees will have gone up less than \$200.

Mr. Marchese: And deregulated programs—

Hon. Mr. Bentley: The overall approach means that for every extra dollar we are asking students to contribute to their own education, the people of Ontario are investing three extra dollars. Everybody has to make a contribution. By contrast, of course—and others may run from this—during the Conservative government, for every extra dollar students were asked to invest in their own education during the deregulated and skyrocketing tuition, the government took 15 cents out. During the years of the NDP, when you heard much talk about a passion about having to freeze or wanting to freeze tuition, about getting whacked with tuition, what happened to tuition? It went up almost 50%.

Mr. Marchese: Use your own words.

Hon. Mr. Bentley: And for every extra dollar students were asked to invest in their post-secondary education,

the government invested 90 cents. So during those years the government wasn't keeping up with the students. I think that historical review gives us some idea of how we end up where we are today and the challenges we met when we arrived in government. That's why the Reaching Higher plan was so important and so necessary to the future success of post-secondary education in the province of Ontario. It was so important to ensure that students could have the post-secondary education system that they wished.

There has been much talk about the multi-year nature of the Reaching Higher plan. I suppose the other members, unlike, I might say, university or college administrators, who want predictability, multi-year funding and have been asking for it for years; unlike students, I suspect, who would like to know that the program they're in today is actually going to be there tomorrow, particularly in light of their experience, for example, in the first two years of the Tory administration when, in 1995-96, the first thing the government did to colleges was slash their operating budget by 20%—it never recovered, it never got back to where it was until the first year of the McGuinty government.

I think predictability in a positive way is a good thing. That's why we have brought in a five-year plan and backed that up with multi-year funding agreements. Again, I would be interested to hear—surprised a bit—if any member here would suggest their party would cut, take away or decrease the proposed funding investments in the last couple of years of the Reaching Higher plan. It would be interesting.

Why multi-year funding? Well, university and college programs don't stop and start on a dime. It takes a while to hire faculty, to develop the course material, to outfit the classroom, to get the right equipment, to develop the program. So you need multi-year funding to make sure you can do that, to make sure that you can properly predict where you're going to be next year and the year after. That's why the multi-year accountability agreements are so important, because it not only asks for results for the funding from the institutions, but it also ensures that the institutions know what funding they're going to get. That's important for planning and budgeting purposes.

How do you budget from year to year if the government budget comes out after your year begins? That has been a historical problem and no one party—and I'm not going to say that—

Mr. Wilson: You didn't in your first year.

Hon. Mr. Bentley: —and I'm about to say that—has had a different approach to that historically. It's always been the same, no matter what government was in power in the province of Ontario; frankly, federally, as well. You go from year to year not really knowing. But that doesn't help the planning process, it doesn't help good budgeting, it doesn't help a process where you try to get the most out of the money. That is why in the post-secondary area, just like in other areas such as health, the McGuinty government approach is a different one. The

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McGuinty government approach is to say to institutions in our post-secondary area—colleges and universities—"You should have multi-year predictability so that you can do the planning, so that next year you'll know what money you're getting." Some may argue it should be more; some may argue even that it should be less. Not me; others might, I don't know. Let us at least have a system where the institutions know year over year what money they're going to be entitled to so they can make those longer-term hiring plans and longer-term commitments for the success of the students.

You heard much about percentages of contribution by students and who's giving what percentage and this, that and the other thing. The numbers are all over the place. I think what's important to know is where you start and where you're going.

Mr. Marchese: What about the facts?

Hon. Mr. Bentley: That's why we're reviewing these things, to make sure that we all have the facts. That's why it's important to do that. It is, over the course of the Reaching Higher plan, an approach which will show that the people of Ontario, through their investments, are putting in \$3 for every dollar the students are asked to contribute to their own education.

Education is enormously important. It is both a public benefit and a private benefit. It has always been a combination of student, governmental and, frankly, other participation. If we're to ensure that the goals are achieved—and the goals, let's be clear, are not ratios; the goals are access to the best possible quality education. Let's get there and then we will ensure that students have what they go to the institution for, which is the best possible quality of education that will take them throughout their career, because the investment that's being made in post-secondary education is an investment for a lifetime. You can cheapen it, absolutely. You could cheapen it in a second, but nobody will thank you for that. You could reduce the price of education simply by reducing the investment in it. It's not hard to do that. But that's not why anybody goes. They go to get the best quality of education, they go to get the highest quality of

We are determined to make sure that we advance the access agenda, that we advance the high-quality agenda. That's why the people of Ontario are making this historical investment in post-secondary education. That's why we're determined the education investment will go as far as possible through the multi-year accountability agreements and through the Higher Education Quality Council, which is going to be able to provide good, arm's-length advice to the people of Ontario and the government Ontario because it's not a secret body. We'll get input from all to provide good advice for all-first among all, the government—to ensure that we can improve the quality of education and improve access to that education. So, for example, they'll conduct research, I suspect, in areas of quality measures to see where we need to concentrate to actually improve the quality of

programming. They'll monitor or help us monitor the student access guarantee to make sure that students are actually getting into post-secondary education and not being denied the opportunities that post-secondary education presents. That's why we're going to make sure that the Higher Education Quality Council is able to provide us such good and important advice.

There has been much said today about post-secondary, but what we all must agree on, I suspect, I hope—

The Vice-Chair: You're down to a couple minutes of your 30 minutes, Minister.

Hon. Mr. Bentley: What was that?

**The Vice-Chair:** You've got about two minutes left in your 30 minutes.

Hon. Mr. Bentley: Thank you very much. What we all must agree on, as I watch the seconds tick by, is that we want access to high-quality education for everybody who is academically qualified to get in. In fact, we go beyond that and say to those who were traditionally underrepresented, we'll do extra to help you get to where you can have access to post-secondary education. Once you get in, you should have access to the highest possible quality of education. Others will look at other factors, but at the end of the day it's got to be about quality, it's got to be about access, because it's about the students' future, it's about the province's future. It's not only about the economy, it's about our opportunities generally. The better education you have, the more opportunities you've got. It's better for you, better for students, better for the people of Ontario.

The Vice-Chair: Minister, thank you very much. We have five minutes left today. Are you prepared to do that five minutes now, Mr. Wilson?

Mr. Wilson: Yes.

**The Vice-Chair:** Okay. We're not going beyond 6.

Mr. Wilson: Minister, I just have one question, because I think it was horrible politics when you did the two-year freeze. First of all, if you didn't mean for the promise to look bigger than it was, why did you use the exact wording, being "at least two years", in your own campaign document? If it was to be two years, you should say two years. That's why, in the North Bay Nugget on September 20, it's written: "The Ontario Government's stewardship of post-secondary education came under fire Tuesday as a new poll suggested a majority of respondents are unimpressed with the Liberal effort to improve access to college and university." You're aware of this poll.

"More than half of those surveyed—52%—don't feel the quality of post-secondary education in Ontario has improved since the Liberals were elected in 2003, says the survey, commissioned by the Canadian Federation of Students and the Ontario Confederation of University Faculty Associations," who I recall your two parties, the Liberals and NDP, used to be in bed with for years when we were in government.

"Another 18% of respondents said they feel the quality has declined in the last three years." Then, as you know, 74% believe that you broke your promise on tuition fees.

Don't you think it's morally wrong that you, for political reasons, say, "We're going to freeze you for two years, but everyone else coming into the system is going to get hit with a 5% increase"? Wouldn't you have been better to just spread the increases over so it's fair to everybody? If the increases were coming in, wouldn't it be better to do 1.5% per year and you don't discriminate against students coming into the system or students who, finally, in their third and fourth years in the system get whacked with an increase? Wouldn't it have been fairer and a little more honest to spread that increase and not give special attention in terms of a freeze to just two years of students? You did that because of an election campaign coming up. That's why you did that.

Hon. Mr. Bentley: We had to freeze it because of the rampant increases that had been taking place in the province of Ontario for the previous 15 years, not accompanied by improvements in student assistance—

Mr. Wilson: That's totally wrong. We increased

student assistance and you know it.

Hon. Mr. Bentley: —and not accompanied by the necessary funding by governments. That's why we froze it, so that the Rae commission could go out and do the report, tell us what was necessary—

Mr. Wilson: You're doing the same thing with MPAC. It's crass politics.

Hon. Mr. Bentley: We took that good advice-

The Vice-Chair: Let him answer the question.

Hon. Mr. Bentley: That's why we launched the Reaching Higher plan—

Mr. Wilson: It's immoral and it's wrong, and you did

Hon. Mr. Bentley: —which funds the colleges and universities, improves student assistance, and then we came up after that with the regulated tuition framework.

Mr. Wilson: Then why are 74% of students disappointed?

Hon. Mr. Bentley: Excuse me?

Mr. Wilson: Seventy-four per cent of students say that they feel you broke your promise. That's pretty high. That's not 10%; that's not 15%.

**Hon. Mr. Bentley:** We're asking the people of Ontario to invest in students' education because it's the right thing to do. We didn't go out and conduct a poll to do that. We knew it was the right thing to do.

Mr. Wilson: Your polling showed that-

Hon. Mr. Bentley: We know that improving student assistance is the right thing to do and we know that improving student aid is the right thing to do.

Mr. Wilson: —freezing tuition fees was 100%, which people didn't understand—

Hon. Mr. Bentley: We know that expanding the number of spaces is the right thing to do.

The Vice-Chair: Hold on, one at a time. Minister.

Mr. Wilson: You had the same polls we had before the last election and it showed that would be very popular, but it was wrong.

Hon. Mr. Bentley: I'm proud of the fact that the people of Ontario are investing in post-secondary education. They should. We did exactly what we said we would do.

Mr. Wilson: Then why did you use the words "at least"?

Hon. Mr. Bentley: That's exactly what we did. We got good advice from the Rae commission. The Rae commission said, "Don't continue the freeze." The Rae commission gave us the blueprint for investing and improving post-secondary education in the province of Ontario.

Mr. Wilson: Bob Rae would never have agreed with it in the first place because he would understand—

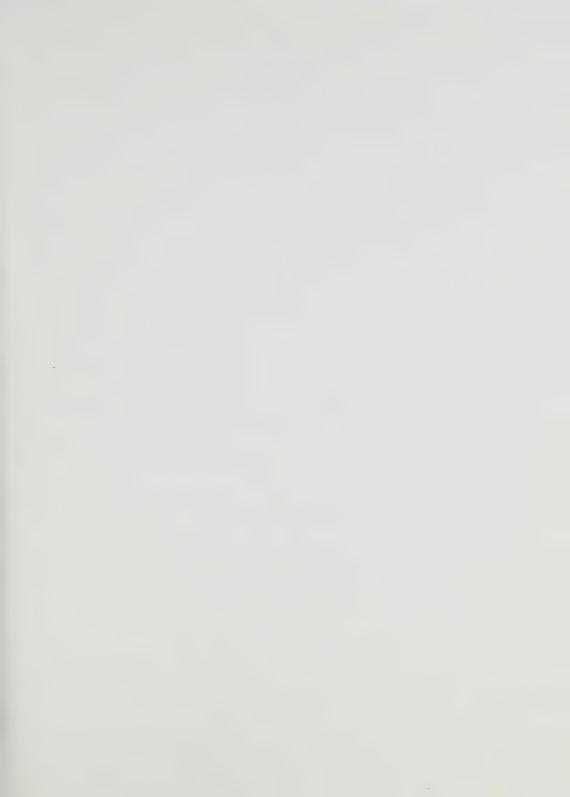
The Vice-Chair: Okay, guys. That's enough for today. We've had a long day. We're going to adjourn until next Tuesday afternoon right after routine proceedings. Thank you, Minister.

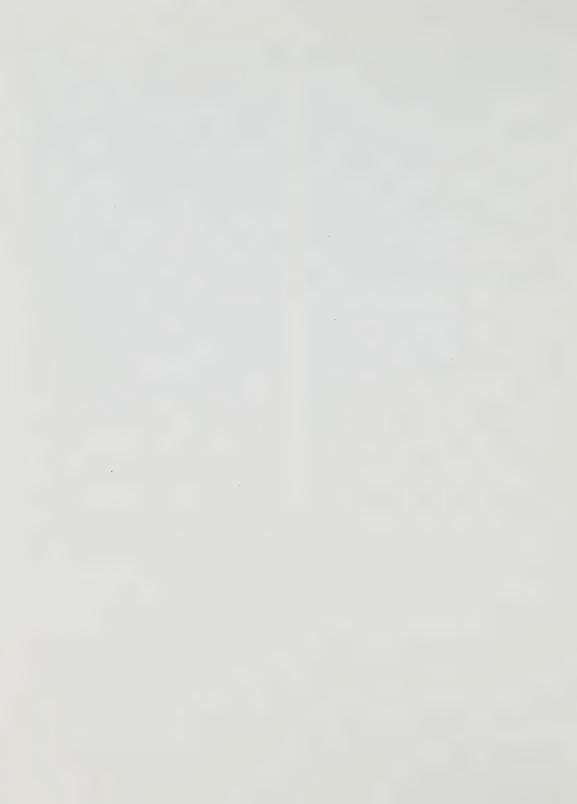
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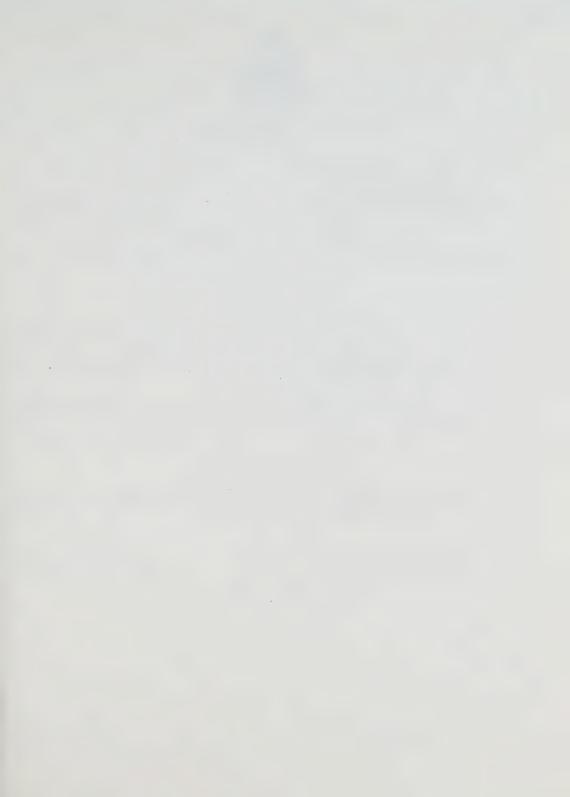
The Vice-Chair: Fifteen minutes, beginning next Tuesday right after routine proceedings.

Thank you very much, everyone. Enjoy the rest of the day.

The committee adjourned at 1759.







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Standing committee on estimates

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Deuxième session, 38<sup>e</sup> législature

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Ministère de la Formation et des Collèges et Universités



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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 24 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 24 octobre 2006

The committee met at 1545 in room 151.

#### MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

The Chair (Mr. Tim Hudak): Good afternoon, folks. The standing committee on estimates is back in session for our second day of hearings with the Minister of Training, Colleges and Universities. Minister, good to see you again. Deputy, as well.

We have a total of five hours and 28 minutes remaining in the estimates proceedings for MTCU. As folks will remember, the committee was adjourned and the official opposition had 16 minutes remaining in their rotation. Then we will have 20-minute rotations until our time is exhausted, with Mr. Marchese following the official opposition. So it's the official opposition and we will begin with Mr. O'Toole. The floor is yours, sir.

Mr. John O'Toole (Durham): I thank Mr. Dunlop for giving me a chance to represent the documented concerns of the two fine post-secondary institutions in my riding of Durham: Durham College and the newest university in Canada, the University of Ontario Institute of Technology.

I've had the privilege, Minister, of meeting both the new presidents. You would know that Dr. Polonsky has just left that post after a great and illustrious career, and after developing a plan and getting it through cabinet. When we were government, I can recall the excitement of that new university. Jim Flaherty had a lot to do with that; you would know that. It was Gary Polonsky working with him and the community. It is a real asset. I commend you and encourage you to work along with them, because it is one of the most important pieces of human infrastructure that Durham has achieved in the lastwell, since the region was formed, I think. It's probably more important than 407, technically. It's the type of infrastructure that you can't compete without in a knowledge-based economy. I can't stress that enough, and I mean that respectfully. Whoever is government has to recognize that with over 500,000 people in Durham region-and Wayne Arthurs knows this. We did serve together-pretty well on the same team, which is surprising—at Durham region at that time. That's kind of the way it is.

The next step, of course, is to make sure that university matures. Dr. Ron Bordessa is the new president and

just a tremendous and delightful person to meet and to listen to, a very pleasant and passionate person who brings a lot. He did some time at Royal Roads in British Columbia and other assignments as well. But in speaking to him and to the provost as well as other members of more or less the academic—there certainly was no politics in it at all. They're happy and quite willingly looking forward to being more of a productive gateway to post-secondary education, which is a big part of your plan—more students than ever, and all this in post-secondary.

At the same time, I'm going to stress—and I hope I get around to it in the very limited time I have here—the important role of the college in this Bill 52, staying in school past 18. OYAP, the Ontario youth apprenticeship program, is an excellent program; I'd expand it. It's an important part, working in partnership with—the problem there is how the money flows. Technically, if the student is registered in the school board, the money flows through there, and it's hard to transfer that over to the colleges. So if you could sort that out. That has been brought to my attention by both educators in the elementary and secondary panel as well as at the college level.

And you might know that the president of Durham College is Leah Myers, just a terrific person and a great author of the Rae report. Although Bob Rae did the consultation, she had a very important role in that, as you would know. Just while I'm on the whole Rae report thing—and this is sort of my preamble into some real questions, actually, which is surprising—I was impressed by the Rae report, but more importantly, when the council of university presidents awarded him the Smith award maybe-I'm not sure what the award was. The council met and he created a videotape from that, and in it he said the best universities in the world are private—Bob Rae, potential candidate. He was referring to Harvard, MIT, UCLA and some of the other great institutions in the world. And it's that new partnership that I think brings me back on topic.

The University of Ontario Institute of Technology was founded on a somewhat different mandate, empowered to act and create the synergies and necessary partnerships with other community players. The first question I have is, when it was founded—I think that Michael Gourley, who was a former Deputy Minister of Finance, was part of the business plan to make the case for the new university—one of their business arguments was the discount grant rate. I know your staff would be working on that. I

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need some assurance today that the beginning pieces mature into becoming a more capable, fulfilled institution, that they're on a level playing field with Laurier and the other important universities—Brock and McMaster, not to mention U of T, Queen's and Western. They have lots of money and lots of foundation money and stuff like that. They kind of run the university business, no question about it. That's the first question. Are you familiar with the issue and are you committed to resolving it for the next budget cycle?

Hon. Christopher Bentley (Minister of Training, Colleges and Universities): Thank you very much. I think you're right to be proud of the institutions that are in your jurisdiction, UOIT and Durham College, both very fine institutions providing excellent education not only for the students in Durham region but for students who come from all over Ontario, as you would know, for those institutions. I'd say a couple of things. First of all, for the college and university there—and for everywhere else in the province of Ontario—I'm very pleased to be part of a government that in the past two years has increased the funding support for all students by about 20%. That is a substantial infusion of funds, which will certainly support quality education everywhere, including Durham and UOIT.

To address specifically UOIT and some of the issues that you alluded to, it was established—and you're quite right that the now Minister of Finance was one of those who had advocated for its establishment—as I understand it, on a slightly different approach to funding than every other, and that was one of the selling points of its being established in the first place. From time to time, since we became the government, various groups have come to point out some challenges—and I'll put it gently—with respect to the funding approach that supported the establishment of that university. What we're determined to do as a government is to ensure that students in the province of Ontario are properly and fully supported through their university and college education. We'll continue to address the challenges wherever they may be found throughout the province.

**Mr. O'Toole:** Great. I appreciate that and I'll certainly be sending a copy of this—not in any threatening or intimidating way.

Hon. Mr. Bentley: Oh, absolutely.

Mr. O'Toole: It's important to them, and I'm here to be a productive, non-political voice for them in today's proceedings. These are known, ongoing challenges with the new university.

As you would know, I think right now their enrolment stands in the order of about 4,300 or so. I've been there just as recently as Monday. I met with the provost on a whole technical—they have some brilliant people. The academics there are first class, no question. I'm not prepared to assess that, but judging by some of the awards they've received, some of the research grants they've gotten, their peers and those that are qualified to assess these are quite—they've got a lot of research grant money. In fact, that leads to my second question.

During your announcement at Trent University about graduate funding, which I attended-you're going to increase the amount of money for graduate programming, which I think, when you look at the double cohort, was a natural outflow of more students, more graduate programs and more enrolment capacity there. This university was founded, as you've described, in a somewhat different footprint. It's pretty aggressive on the science and technology side, which are more expensive facilities to operate. They're not just lecture theatres; you need labs and other capacity. I think it's the first campus, certainly in Ontario if not Canada, that's a completely wirelessly interconnected, laptop type of environment for students, which is exciting—and expensive. When it comes to the graduate program, they have about a hundred professors. More recently, one professor got a Premier's excellence award for hydrogen. They're about to announce, it's my understanding—they're waiting for you to clear your calendar, I think—a great partnership on the nuclear side, looking at hydrogen being created from some sort of nuclear thermal process. It will be another significant award working with the academics, and I hope you make that announcement quickly.

But the thing is, when you announced, they made application for 260 graduate spaces at that time, and I think they only got 60. In fairness, there was no threshold, there was no benchmark for the university and what its capacity and competency was. But I'm here to tell you, from all the evidence, some of this year's graduates are just dynamic students. They're right into that nuclear engineering and all that very high-tech stuff. It would be good to have more capacity there and I just draw it to your attention. It's an ongoing concern. Although it's refreshing for me, I think I need to make sure that you understand that they're looking for not 60 spots, which you awarded them, but they're looking for 260 spots. They have that type of capacity in the research environment and they have some of the funding on the grant side, and the professor capacity to work with graduate students is there, I'm told. As recently as today, I talked to experts—the provost and a few other people at the university—to make sure I was being productive.

The other issue is tied into the last, and I'm going to put it on the table. You can respond in the time that's left, perhaps using some of Mr. Marchese's time, I don't know. Quite frankly, the other one is really important. We have made a tremendous start. I think there was a very ambitious program. There's a bond out there for some of the buildings; the Beacon project with General Motors is there; and OPG gave them \$10 million to build some capacity there. So it's a huge and very vibrant academic community.

I don't want to interfere in the politics, but here's the problem: They have a footprint today that is pretty well crippled because they've got a growth plan going to 6,500 students; that's another 30% increase. They're already in portables because you have frozen their access to capital or raising capital or raising borrowed capital. I need you to commit today to work with the board of

governors as well as the university to make sure that we have not only the human capacity but the physical capacity to provide the highest and best-quality education at the undergraduate level, at the graduate level in the province of Ontario, because Durham is poised to overtake Hazel McCallion as the leader not just in autos but in energy. We're going to be the energy capital of Canada. We've got the capacity; we just need you to sign the cheque.

I'll give him a couple of minutes there to wrap up. I'm very excited about this. I'm not trying to be artificial. This is the best thing that's ever happened. Is it a bit over-acting, sort of sounding like George Smitherman, maybe?

Mr. David Zimmer (Willowdale): No, you sound excited.

Mr. O'Toole: Okay, thank you.

Hon. Mr. Bentley: Thank you very much. Just let me take a few minutes on the graduate piece, because I think you make a very good point. I was very pleased to make the announcement with the Premier that we're expanding graduate education by 55% over the 2002-03 levels by 2009-10. In fact, by next September, 2007-08, there will be 12,000 more grad students than in 2002-03; 14,000 by 2009-10.

To determine how the allocation was made, the first thing that we did was ask who was interested. Of course, just about every university stepped forward and said they would like to take a lot more grad students, some more weighted to masters and some more weighted to PhDs, and UOIT was one of those. So we had a starting point and we took a look at who'd been in the business of graduate education from the beginning. I think you make a good point about UOIT, as with all of our universities, having an excellent professoriate, having distinguished professors. You could probably say the same in many respects about any institution you chose in the province of Ontario.

The one thing we wanted to make sure of, as we undertook such a large and rapid expansion of graduate education in the province of Ontario, is that absolutely nobody was going to suggest that we were doing it in a way that undercut the very high quality of grad education. At the end of the day, we wanted to make sure that we were not only increasing the opportunities, but every new student received the same high quality of grad education they've come to expect in the province of Ontario. Because if you undercut that mark, then you undercut the degree that every other grad student has ever received from an Ontario institution. So we did look, first, at who'd been in the business of grad education, for how long they'd been in the business, and to what degree. So what we did in allocating the spaces was to build on history. UOIT did not have a history, so what we said to them was, "You have no program. We'll provide you with 60 opportunities." That's sixty over zero. But there's going to be another allocation of the last 2,000 of the spaces, so let's build up the capacity and build up the programming and then, by all means, as we roll out that

second allocation in a couple of years' time, then I expect UOIT will be at the table saying—and they'll probably be joined by others—that they would like to do more.

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So I think the future for UOIT is as bright as it is for any institution, and that future will be illuminated in part by the history that they are developing with their grad programs. I know you are very proud of UOIT. You know what? You should be. I know the students are very proud of the education they get there, and absolutely they should be. We just want to make sure, as we develop the programs, that they have the time to be fully supported by the faculty, the staff at UOIT, as at every other institution. It's no different an approach, let me assure you, than we're taking anywhere else. It's quality first, opportunities as we go along.

Because I'm not sure how much time I've got, let me briefly address the capital issue at UOIT. I think you make a plea from Warren.

I'd say a couple of things. When the university was established, there were a number of assumptions that were made by its proponents about its future in terms of how it would be funded and what types of monies it could rely upon. We have heard, from time to time, that a number of those assumptions may not be borne out.

I think the other thing that happened when it was established is that the government of the day did not set aside a substantial capital fund for future building. So there were a couple of things that came together. One was a desire for expansion, but without necessarily the capital support. I would simply say on the funding side in the future that, as you know, we're having discussions with the federal government. You know who the Minister of Finance is federally. We're trying to get them to forward the money through the McGuinty-Martin agreement for post-secondary education and skills training, and I think when we do that there will be more for every postsecondary institution in the province of Ontario, including UOIT. Because you know that the present federal Minister of Finance was very much involved in UOIT, I'm sure you'll want to deliver the message to him that he could be of great assistance in that regard.

The Chair: Thank you, Minister, and Mr. O'Toole. Thank you for your time. That does conclude the 60 minutes that you had. There will be another 20-minute rotation in 40 minutes.

Now we turn to the third party. Mr. Marchese, you have 20 minutes, sir.

Mr. Rosario Marchese (Trinity-Spadina): Thank you, Chair.

Minister, last year a number of institutions were frustrated with your ministry's inability to flow allocations in a timely manner. Seven months after the May 2005 budget, universities were still waiting for the government to release vital funding allocations. A few questions: What happened? Why did it take so long? What steps are you taking to ensure it won't happen again this year?

Hon. Mr. Bentley: As you know, last year we launched the Reaching Higher plan, 6.2 billion extra

dollars over five years, a substantial increase in operating funding for post-secondary institutions. We said that funding was necessary to support quality and access for all post-secondary education. We also said something else. We want to make sure that the funding is nearest to the benefit of the students at the institutions. So we said we would enter into one-year interim accountability agreements with the institutions whereby the government would commit to flow money over the course of the year once they entered into an agreement on how it was going to be spent and how it would be used to improve quality. It's a very new process. In the past, governments have announced programs, some targeted, some not targeted, left the money at the door of institutions, and not that type of—

Mr. Marchese: Okay, so-

Hon. Mr. Bentley: I'm just finishing the question.

Mr. Marchese: I have a lot of-

Hon. Mr. Bentley: Let me wrap up in 10 seconds. Mr. Marchese: Mr. Chair, please. Hold on, Mr. Bentley. Mr. Chair, I have a few questions. If it takes too

long, I won't be able to get my questions in.

The Chair: No. I understand and I'm watching this closely. I'd ask the minister to give a brief answer and we can move on.

Hon. Mr. Bentley: So we signed the interim accountability agreements in the fall. We flowed the funding. As

soon as they signed, they got the money.

Mr. Marchese: All right. So you announced in 2005 a certain amount of money, but after you announced the money, you entered into a one-year interim agreement. What you're saying is, that one-year interim agreement was complicated, it took a long time, and that's why the money flowed late. Is that what I'm understanding you to be saying?

Hon. Mr. Bentley: No. What we said was that this is a new approach, and what we wanted to do was discuss with the institutions our demand or requirement for accountability and the institutions' need for flexibility, and to come up with what the agreement should look like. So that did take a while.

Mr. Marchese: All right. So the institutions were saying that the release of the money took a long time and that complicated their ability to do things accordingly. You're saying, well, yes, because we used a new approach and the new approach involved a delay of the release of the money. Is that what I'm understanding you to be saying?

Hon. Mr. Bentley: No. What you should understand is that the substantial increase in funding forwarded under the—

Mr. Marchese: No. no. I understood vou.

Hon. Mr. Bentley: I'm going to answer the question if that's okay, because you asked it and I'm sure you would want an answer to the question. The question—you posed a position and I said no, that's not the case. We announced a substantial increase in funding. What we wanted to do was to ensure accountability for the flow of the money, and we said that institutions wouldn't

get it until they signed an interim accountability agreement covering the year. It did take a while to negotiate the terms of what that agreement would look like. Obviously, we wanted accountability, and they wanted flexibility in some cases, and that's why it took a while.

Mr. Marchese: Okay. Now I understand. So I'll make a statement that you don't have to respond to. You announced in May a certain amount of money and then you made a certain request in terms of accountability. That involved some delay. Therefore, because you used a new approach, too bad, so sad; the universities had to wait seven long months to be able to get the money. Okay?

The other question: Many observers were underwhelmed with the result of last year's interim agreements. The Toronto Star observed that U of T was only gaining 26 net new professors in their interim agreement. They hired 145, but they were losing 119. How many net new professors will Ontario gain in 2006-07? Can you provide a best estimate? And if you know how many net new professors we gained in 2005-06, that would be

helpful: net, new gain.

Hon. Mr. Bentley: Our approach is, I think, a little different than you outline. It's true that our universities and colleges have been starved of resources for many years, and it's true that when they got an infusion of cash, it enabled them to stop the bleeding. It did enable them to start building the new programs and start hiring. Our estimate of what the net hires were for colleges and universities over 2005-06 was about 800 in total. We don't have the numbers in for 2006-07. So about 800 over colleges and universities over the course of the year. Those are the professors, and they would be on top of the support services, the investments in equipment, the updating of the classrooms and the like.

Mr. Marchese: Okay. So when the Toronto Star says U of T was only gaining 26 net new professors in their interim agreement—they hired 145 but they were losing 119, presumably because they retired, so the net new number was 26 for U of T—can you respond to that?

Hon. Mr. Bentley: Well, you know what? I wouldn't respond to the U of T's position specifically. I would say system-wide we estimate there were 800 net new hires, which I suspect was substantially more than in previous years. In addition to that, the Reaching Higher money enabled institutions to invest in support services—as you know, they were probably the first ones that were cut during the lean years—

**Mr. Marchese:** Yes, I understand that. Okay. I asked you a specific question. If you can't—

Hon. Mr. Bentley: —updating classrooms and the

Mr. Marchese: Mr. Bentley, I asked you a specific question and you said you wanted to respond generally. But can I ask you, do you have a list of every university system in terms of how it compares to—not how it compares to each institution, but I gave you the example of U of T and showed that only 26 professors were new. Do you have a list, university to university, in terms of

how many net new professors we have? And if you don't have it today, can you get it to us?

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Hon. Mr. Bentley: The interim accountability agreements were posted on the Net, and I'm reasonably certain that the numbers of net new hires for institutions are available through those interim accountability agreements.

Mr. Marchese: Can I get them from you?

**Hon. Mr. Bentley:** They're posted publicly, and you could look at them just like everybody else.

Mr. Marchese: I'm asking you to give it to us. I'm

asking your ministry to give it to us.

**Hon. Mr. Bentley:** With respect, I don't know we need to run off the interim accountability agreements. You can take a look at them; they're publicly posted on the Web.

**Mr. Marchese:** Mr. Chair, I'm making a request; he's asking me to go on the Web. I'm making a request of him to get those numbers through his ministry. We usually get them when we ask.

The Chair: Fair enough.

Hon. Mr. Bentley: We'll get you the numbers.

The Chair: A formal request through the Chair to the minister; we'll distribute them to all members of the committee.

**Mr. Marchese:** I have some research from OCUFA, the Ontario Confederation of University Faculty Associations. They point out the following in their introduction:

"For generations, Ontario has played the role of Canada's economic powerhouse. Yet, when it comes to ensuring its universities are functioning at the level of excellence required to draw the best and brightest, there is a yawning quality gap. Simply put, Ontario holds the dubious distinction of maintaining the worst student/faculty ratio in all of Canada. The gap is large: On average, there are 24 students for every university professor on campus. In many classrooms, the gap is much greater. In all three of the university groupings employed by the Maclean's rankings, for example, Ontario universities displayed a greater use of large classes than did their counterparts in the rest of Canada. In both 2003 and 2004, more than half of the first- and second-year students at Ontario's comprehensive and medical/doctoral universities were in classes of at least 100. In Ontario's primarily undergraduate universities, more than 35% of students were in classes of at least 100 last year, a figure almost three times higher than that for non-Ontario universities in the category....

"The net result has been an increase"—in terms of our underfunding, generally—"in the student/faculty ratio to the level of 24:1—up from 18:1 in 1995-96. Ontario's ratio is 15% higher than any other Canadian province, and 35% higher than that of public universities in US peer jurisdictions. Ontario is scraping the bottom of the barrel in comparison."

They say, "Without a plan to close Ontario's growing student/faculty gap, the quality in university education in

Ontario threatens to decline, putting into question our province's economic competitive edge."

We're in 2006-07. You have less than one year left in your mandate. Can you tell us how you would respond to their comments?

Hon. Mr. Bentley: It's interesting that you refer to publicly funded American institutions, which, of course, increase their tuition. One of the points that have been made quite often by the advocates of increased tuition is that it is the only way to get the necessary resources to move the student/faculty ratio. I don't share the view that it's the only way, but it is interesting that OCUFA's position is that tuition should be frozen. It's interesting that you compare to publicly funded American institutions.

Mr. Marchese: I didn't talk about tuition at the moment. Could you respond to what I asked you?

Hon, Mr. Bentley: I'm getting to your question. Mr. Marchese: I'll get to tuition in a moment.

**Hon. Mr. Bentley:** If you get to ask the question, I should be able to answer it.

Mr. Zimmer: On a point of order, Mr. Chair: With the greatest of respect, I have practised before administrative boards and tribunals for 25 years, and the courts and so forth and so on, but particularly administrative boards and tribunals, where we had this sort of examination of witnesses. The principle has always been, and remains, that a witness is entitled to answer the question as he or she sees fit, allowing, of course, that the witness obviously—

Mr. Marchese: Mr. Chair.

Mr. Zimmer: You'll get your chance in a second.

Mr. Marchese: This is not a court, for God's sake.

Mr. Zimmer: It's a tribunal.

**The Chair:** Let's let Mr. Zimmer finish. I'll give you the time he's taking up.

Mr. Zimmer: The witness is entitled to answer the question as he or she sees fit, allowing, always, that the witness can't deliberately avoid answering the question. When the question is framed, the answerer has the right to respond in a meaningful way as he or she sees fit. That's just a general principle.

The Chair: I appreciate Mr. Zimmer's intervention. I've been here a number of years, and been at the committee a number of times. This is members' time as well, and members' chance to ask questions of a minister. If a minister before the committee is not responding to the question or delaying and taking time away from members to ask their questions, I'll step in. I'm doing my best to make sure I moderate this discussion.

Mr. Marchese has asked a question; the minister is responding. If I feel the minister is not adequately addressing the question in a timely way, I'll intervene and give Mr. Marchese back the floor. Mr. Marchese sometimes asks specific questions and sometimes general questions. This one is a bit of a general question, so I'm giving the minister a bit more time to respond. You asked for his response to the particular report.

Hon. Mr. Bentley: The Reaching Higher plan investments will in fact enable us to address what has been a long-standing—this is not new—student/faculty ratio issue. They'll enable institutions at the university level to hire more profs. They'll enable them to invest in the student support services that are an essential part of a student's education. I think the Higher Education Quality Council we're establishing will also enable us to determine the indicia of quality and how to move the quality markers as we march into the future.

I'd say that the foundation has been well laid, through the Reaching Higher investments, for improvements in the student experience and in the quality of their education as we move forward.

**Mr. Marchese:** This report was written in 2005, and since 2005 there has been another year. Can you tell me whether the ratio that OCUFA put forth has been improved, given your Reaching Higher plan?

Hon. Mr. Bentley: I don't know whether the ratio has moved over the past year. I am confident in saying that with the new profs, the investment in student support services and related equipment investments, the quality of education is improving—

Mr. Marchese: I understand. I'm talking about the ratio.

**Hon. Mr. Bentley:** —through the additional investments we're making.

**Mr. Marchese:** Since last year's report and since we have the worst student/faculty ratio in all of Canada, which should concern you, you don't know whether we've made any headway from 2005 to 2006-07?

**Hon. Mr. Bentley:** Obviously, I don't have updated statistics from 2006-07. I think the challenge you outline is one that Ontario has had for a long period of time—

Mr. Marchese: We know.

**Hon. Mr. Bentley:** —made worse by the lack of funding over the years. The additional funding will improve the student experience substantially, but there is more work to be done.

Mr. Marchese: Of course there is. That's why I asked you. You introduced the Reaching Higher plan as a way of dealing with the question I asked. Given that you introduced the Reaching Higher plan, we should see demonstrable evidence of this ratio improving, but you don't know because you don't keep track of it. Is that what you're saying?

Hon. Mr. Bentley: No. I think what we've always said is that the funding will improve both quality of education and access to education. The student/faculty ratio is one element that helps determine the quality of education. It's not the only element. The student experience is part of the element. That includes whether there are small or large classes as part of a student's package.

Mr. Marchese: That's a different question.

Hon. Mr. Bentley: It also includes support services and related equipment investments.

**Mr. Marchese:** Are you making lowering the ratio a goal in the three-year agreements?

Hon. Mr. Bentley: We're not making that a specific goal. We're making ways to improve the quality of education the goal, as well as access to education.

Remember that running along with the agreements is the Higher Education Quality Council, which will give us good, research-based advice on what markers actually move and improve the quality of education, whether it's student/faculty ratio, as some would argue, or whether it's that as part of a basket of other factors.

Mr. Marchese: In last year's interim agreements, we did require universities to provide information on student/faculty ratios, is that correct?

Hon. Mr. Bentlev: Yes, we did.

**Mr. Marchese:** So there's been a change in practice. What's going on?

Hon. Mr. Bentley: Sorry? We asked them to report

**Mr.** Marchese: In the interim agreements, we did require universities to provide information on student/faculty ratios. We do not any longer. Why?

Hon. Mr. Bentley: We're not asking for that in these three-year agreements. What we're asking for are ways they are going to demonstrably improve the quality of education, which may or may not involve student/faculty ratio targets. It may involve other factors.

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**Mr. Marchese:** As far as I know, they do not require—you don't see that as a problem?

**Hon. Mr. Bentley:** I don't see that as a problem. We're trying to improve the quality of education by whatever means possible.

Mr. Marchese: Of course you are. My view, as a former teacher, is that the ratio is a big deal. It's a big, big problem. In the same way that you proposed to cap class sizes in grades 1, 2 and 3, I see the ratio as an important thing. You obviously are arguing that it's not.

Hon. Mr. Bentley: I'm arguing no such thing. The

capped class size-

Mr. Marchese: But you-

Hon. Mr. Bentley: I'm going to answer the question. The capped class size for the junior grades was supported by research. What HEQCO, the Higher Education Quality Council, will do, I expect, is provide good, research-based advice on what leads to high-quality education. Is it, as some would argue, student/faculty ratio, and a certain number? Is it, as others would argue, outcome-based, less-targeted factors, such as student support services, such as a variation of the education through different classes?

**Mr. Marchese:** Thank you. That's fine. OCUFA argues, as I do, that the ratio of students to faculty is one of the most widely used quality measures in higher education. Is the ratio of students to faculty a quality meas-

ure in higher education for you?

Hon. Mr. Bentley: You know, I think one would instinctively say that if you can be in a smaller class rather than a larger class, that's a good thing. Is it what moves and improves the quality of education? It may be the factor; it may be one of the factors. I think we have to figure out what all the factors are. We've asked, in the multi-year accountability agreements, how the institutions would invest the additional money to improve the quality of education.

Mr. Marchese: Right.

**Hon. Mr. Bentley:** I'm sure investments in faculty are part of the approach.

**Mr. Marchese:** I'm amazed that the multi-year accountability agreements do not require universities to provide information on student/faculty ratios. It's amazing.

I have another question for you. You're asking colleges and universities to sign multi-year accountability agreements that will lay out what the institutions plan to do with the funding they receive. How many have you signed to date for this year?

**Hon. Mr. Bentley:** I don't have that number. I think we're still concluding negotiations with most of them.

**Mr. Marchese:** So you don't know whether it's one, two or three? You just don't know?

**Hon. Mr. Bentley:** Not specifically, in terms of the number. We can get you the number.

Mr. Marchese: When could you table them for us?

Hon. Mr. Bentley: I think we could provide however many we've got relatively quickly.

Mr. Marchese: "Relative" for a lawyer could be relative—indeterminate.

Hon. Mr. Bentley: It's tough to guess, because I don't know where we're at.

**Mr. Marchese:** Do you have any timelines in terms of when you think these interim accountability agreements should be in your hands?

**Hon. Mr. Bentley:** What we said to the institutions is, the sooner we can negotiate and sign off on them, the faster we can flow the money.

Mr. Marchese: There is no timeline?

**Hon. Mr. Bentley:** I think that provides a pretty strong incentive to institutions to do it as quickly as they're able to. We'd like to flow the money as quickly as possible.

Mr. Marchese: By chance, do you have any draft proposals from any of them?

**Hon. Mr. Bentley:** There is an ongoing back and forth between the institutions and the ministry as to what the agreements should look like, but there is a process for concluding them at the end. We have to be prepared to sign off, and the institution, through its formal process, has to be prepared to sign off.

**Mr. Marchese:** I understand. The Peterborough Examiner reported that Trent University would be submitting its agreement on October 18. Did you get it?

Hon. Mr. Bentley: We'll find out for you.

**Mr. Marchese:** The deputy doesn't know these things? I'm surprised. The deputy would know all these things.

**The Chair:** A question to the deputy.

**Hon. Mr. Bentley:** He doesn't have that information, I understand.

**Mr. Marchese:** According to the Toronto Star, all colleges and universities were required to conduct satisfaction surveys as part of the accountability agreements. Is that correct?

**Hon. Mr. Bentley:** Yes, to participate in the NSSE process. Is that what you're referring to?

**Mr. Marchese:** Is that what the satisfaction survey is, the NSSE process?

Hon. Mr. Bentley: I can't guess at what the Star article was referring to, but what we've asked is that the universities, as part of the multi-year agreement process, participate in what all American universities are participating in, which is the National Survey of Student Engagement. It measures student engagement on a number of different factors at the end.

Mr. Marchese: Right.

Hon. Mr. Bentley: It's an end-of-education process.

Mr. Marchese: Do we have time?

The Chair: One minute left, Mr. Marchese.

**Mr. Marchese:** What are the findings and can you table them?

Hon. Mr. Bentley: They're agreeing to participate, so we don't have the findings yet. The challenge historically is that there has been no broad-based, research-based approach to improving quality or access to education. That's why participating in things like NSSE is so important.

Mr. Marchese: I thought they were part of the accountability agreements.

**Hon. Mr. Bentley:** The agreement to participate in, but you have to administer the survey to the students and then you get the results. They haven't administered the survey yet.

The Chair: That concludes that 20-minute segment. I think, Mr. Marchese, you had a question about the accountability agreements that had been signed as of today. You'll report back through the clerk?

Mr. Marchese: Yes.

The Chair: Thank you. We'll now go to the government side for 20 minutes. Mr. Arthurs.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Minister, it's good to have an opportunity. I know that the last few hours have been yours and the opposition's, so we're pleased on this side to have the opportunity to have some dialogue around estimates. Estimates are interesting, I've found from my time here, because they talk not only to the financial capacities of a ministry, but it's a chance to have a dialogue around some of the priorities, some of the opportunities that exist.

Your ministry, as I understand it—and I stand to be corrected—to a large extent is one, from a financial standpoint, where there is a lot of transfer payment activity, supports to the colleges, supports to the univer-

sities, supports for training and the like.

Mr. O'Toole spoke for some time about UOIT. I'm going to do something similar, only because that happens to be in my neck of the woods as well. It gives me an opportunity here to do that which might not otherwise arise. I'm not going to reiterate the things he was saying about the importance of UOIT. You've had the chance to be there on more than one occasion. Fairly recently, we had a chance to be there at the same time, along with others.

The reason I'm referencing that—I'm going to back up—has to do with a private sector engagement at that particular institution. Some many months ago in the early stages of our mandate, not your ministry but economic development was working at that point more directly through them on the Beacon project with General Motors and the federal government—at least a tripartite kind of activity, including the universities, I would say. I can't recall how many are engaged with GM. There are certainly a number of them that are engaged with GM, but I think the importance for me is that UOIT, as a new university, was taking a very strong leadership role in that engagement.

To have the level of success we wanted to achieve through the Reaching Higher plan and establishing the skilled, knowledgeable, innovative workforce that this country's going to need to remain competitive in a global context, as the Premier is known to speak to on a pretty consistent basis, we're going to need to have those partnerships with communities in the context specifically of the private sector—the GMs working on the Beacon project and talking about wind tunnels, being able to have the newest and best wind tunnels probably in the world, being able to do things there and to have the capacity to lease that kind of space out to other private-sector initiatives.

The capacities of those types of initiatives negotiated by governments with the universities and with the private sector, in my view, led to the type of commitment we saw from Windfields Farm and Tribute communities. It's my view, though, that they would be at the table because of their community engagement and their land ownership, but they wouldn't necessarily have been there as publicly and in such quantum of dollars and with the commitment to longer-term commitments in the absence of the government coming to the table.

In this instance, the government was able to come to the table, not only in support of the university but in support of the partnerships that leverage multiple-fold dollars back to an institution, and thus support the objectives we all have of a highly skilled workforce competing in the global economy.

I know that UOIT is not unique in that regard. I'm not particularly familiar with other examples, other initiatives that are happening in other jurisdictions. Members here on our own side and elsewhere have within their own jurisdictions the University of Windsor, the University of Toronto–Erindale or Sheridan College on the college front—and I go down the table to the University of Toronto. So there are probably multiple examples, most of which you are familiar with, or familiar with some, but you have more fulsome knowledge by virtue of the activity you may have engaged in at the level of briefing you had.

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I'd be interested in your comments on that UOIT situation, the success that I think has come from Beacon in leveraging other interest, what you're seeing in that regard and where you see that happening in other juris-

dictions in Ontario as a result of the engagement of the ministry, your engagement and/or others' with those institutions and with our community and private sector partners in trying to build the post-secondary opportunities that we all so desperately want to see as a success.

Hon. Mr. Bentley: Thank you for your support for Durham and UOIT. Long before today, one of the first things we spoke about after the two of us were elected was UOIT in Durham, and when I became the minister, we renewed that discussion in quite a direct way.

I think you make a very important point, which is that our universities and colleges are an essential part of a community. They are the knowledge centres in the community. We have to encourage and support the development of the community infrastructure, the development of the economic infrastructure, and one of the ways we can do that is by developing, supporting and enhancing our college and university support.

Let's just talk about Beacon for a second. Beacon involves a partnership between a university, a private enterprise and another government program. Without the auto strategy, I don't know where we'd be today in the province of Ontario in terms of our auto and related investments. But in the Durham region specifically, the auto strategy has enabled a very special partnership based in research, based in knowledge to be developed between GM, UOIT and the government of Ontario.

All of the partners know that, apart from the funding specifically related to that, the university is being supported by increasing investments from the province of Ontario, investments which are going to ensure that all the students receive a level of support that they hadn't before, and they'll be able to work on updated equipment in updated classrooms, and UOIT is able to do that at least in part because it's a very new institution, but also, as you've heard, because there will be a flow of graduate students which is going to start at the UOIT and will be there to support the development of that special research centre in Durham region related to the auto strategy.

That type of thing goes on in many different ways at institutions across Ontario. There are private companies involved in health-related research at our institutions. There are companies involved in infrastructure-related research, engineering-related research. It's essential to the success of the partnership between a business and a university. Business knows that when they're investing, they're investing in a university or a college where the students are going to receive the proper level of support so that sufficient resources will be devoted to the students with which the business will be working, so that sufficient resources are devoted to the professoriate with which the business will be working.

When we made the grad student announcement, it was at Sanofi, which is a pharmaceutical business north of Toronto. You'd know it well. They use grad students from the University of Toronto, among other places, and have for years. They were very excited by the prospect of

the government of Ontario increasing graduates' opportunities by 55% over the next several years because that means an ever-increasing flow of excellent students and postgrad students to involve themselves in their specific programming.

You're right that business-government-institutional collaborations are essential to economic success. We're fully supporting them and in fact we're encouraging

them.

**Mr. Arthurs:** Mr. Chair, a number of our caucus members have some questions and our time is somewhat limited with the numbers we have.

The Chair: Certainly. Mr. Delaney.

Mr. Bob Delaney (Mississauga West): Minister, perhaps reflecting a lot of us on all sides of the House, when we went through our post-secondary education, I know in my own case, although I managed to graduate without debt, I certainly graduated broke. That was then and this is now.

Today's students in many ways don't have the luxury of graduating broke. A lot of them are carrying a great deal of debt. One of the things I've heard you talk about in a very impassioned way is the assistance that Ontario can offer to students to help them get perhaps what is the most precious thing they will ever do for themselves in their life, which is to upgrade their Ontario secondary school diploma and turn it into a career college certificate, a community college diploma, a university degree or a postgraduate degree. But it's expensive. Even though students understand intuitively that for every dollar they put in, the province is putting in another three, it's still expensive.

Two years ago we began a process that started with a very historic budget that dealt with measures to assist students in taking this great gift of post-secondary education and making it affordable. Could you elaborate a little bit on how we're doing on this, what progress we've made, and some of the challenges remaining in implementation?

Hon. Mr. Bentley: The goal, of course, for postsecondary education, as you rightly outline, is to provide access to an opportunity for every qualified Ontario student so they can find a place in college or university, and that, if they don't have access to the resources, resources will not be a barrier to getting in.

Unfortunately, for many years not only did governments not invest in the operating side of colleges and universities, but the student aid that was available to individual students did not increase at the same time as tuition was substantially increasing. From about 1993 till 2003-04, we saw student aid that was available to individual students flatlined. In some cases it was reduced, but tuition, the cost of going to school, has skyrocketed more than 150%, up to multiples of hundreds of per cent for graduate programs. So we did a couple of things.

First of all, we doubled the student aid budget, which enabled us to do the following: increase the amount of student assistance that any one student qualified for by about 30%—the first increase, as I say, in more than a

decade. It also made many more resources available to an individual student. But we did something else. We did not increase the amount of repayable assistance. It remains at \$7,000. So even though an individual student's potential assistance went from about \$9,300 to \$11,900, every dollar over \$7,000 per year was a grant. So you increase the number of grants that way.

We did something else, though. In about 1993, the NDP had eliminated the upfront tuition grants, which are essential to the poorest students in of Ontario to gain access to post-secondary institutions. Over the course of two years we restored those grants, so they now cover between a quarter and all of a student's tuition. They're available to first-year students, up to half the tuition for second-year students, from families with up to \$75,000 in income.

The bottom line: This September, there will be 60,000 students eligible for grants covering between a quarter and all of their tuition. That's real access. Two years ago there were none. That's real access, and we have something else. It's called a student access guarantee. What we've said to students and to the institutions which may be able to increase their tuitions is that you can't increase your tuition without complying with the student access guarantee, so that no student will be denied access to a program for which they're academically qualified because they can't find the financial resources. That, at the heart of it, is our guarantee.

Mr. Delaney: In Mississauga, one of the issues I discussed with the principal of UTM, Ian Orchard, had to do with some of the multi-year agreements the government has implemented. One of the issues that colleges and universities have long had is this uncertainty, first of all, that you're probably going to get your allocation late in the fiscal year and you're going to have to operate by guess and by God as to how you're going to spend the money that you think you have, if in fact you actually get what you think you have. Secondly, it was very difficult to do any sensible long-term planning. The wonder is not that our post-secondary institutions managed as well as they did during those many years, but in some respects that they managed at all.

1640

For the first time, I know our government has implemented a three-year funding allocation to colleges and universities. Could you describe to me in a little bit of detail how that works, what the response has been and, now in the second year of it, what are some of the outcomes we've seen?

Hon. Mr. Bentley: You've hit on a very important point, and of course it is something we've heard all across government in many different departments and from many institutions within the post-secondary sector: How are you supposed to appropriately spend money—spend it to its greatest advantage and make the money go furthest—if you don't know from year to year how much there will be? I think that's why the five-year investment plan under Reaching Higher was so important, because we actually knew, on a global basis, how much the

government was committed to spending over a period of five years, and we broke that down to the institutional level.

Last year, we gave them one year's allocation and asked them to sign an agreement, but this year, we're signing three-year accountability agreements, which you specifically referred to. So for a period of three years, the institutions will know what funding they're getting from government. This has not happened in the past. They have gone from budget to budget and been subject to the vagaries of budgetary timing and the vagaries of what governments decide to spend extra money on at any one point in time. So we're negotiating three-year accountability agreements with the institutions. They'll have certain commitments in terms of access and quality and reporting to the government, and we will have commitments in terms of the funding that they're going to be able to get. This will enable them to do the long-term planning that's necessary for the success of many postsecondary programs.

As I mentioned earlier, as soon as they sign the agreements, the money starts to flow, and we're looking forward to concluding that process as quickly as possible. But you're quite right: If you're going to plan a post-secondary program, you don't want to just plan it for a year and you don't want to start planning it after any government's budget comes out. You want to be able to plan it for a multiple of years.

The Chair: Mr. Delaney, there are about four minutes left, noticing that your colleagues also have questions to ask.

Interjections.

The Chair: Mrs. Van Bommel, you have about four minutes left.

Mrs. Maria Van Bommel (Lambton-Kent-Middlesex): We can share this, I'm sure. We'll work this out.

Minister, definitely in terms of the job market, things are changing greatly in Ontario. We certainly have a greater skills-based economy. What I see in many of my constituents is adults who qualified or were employable with a grade 10. Those positions, those kinds of jobs, are disappearing from our landscape, so to speak. I'd just like to know what your ministry is doing in terms of programs and services to help these people upgrade to get their grade 12 and beyond, to retrain in the high-tech and higher-skilled jobs so that they can compete with recent graduates from our colleges and universities. As I say, I think there are a number of adults who need that kind of assistance, and I'm wondering what programs and services you're providing.

Hon. Mr. Bentley: Thank you for that. Of course, we were together in Wallaceburg not long ago holding a skills forum to identify needs in local communities, surrounding communities. We had training providers from not only Wallaceburg but as far away as Chatham, Sarnia and all institutions in between come together and identify the issues, including the issues that you outlined. So we're very pleased that we're investing in literacy and related services, including an investment in academic

upgrading, which this year increases by \$10 million over what it was just a couple of years ago. This will enable those who didn't quite get to the end of high school to benefit from the type of academic upgrading and improvement that's necessary in order to go on to a college program or, equally well, an apprenticeship program or get the types of jobs that are now developing in industry. Of course, as you say, the job you could get 20 years ago without high school is not there anymore. Those jobs are requiring ever-increasing levels of expertise. So we're investing in literacy and we're investing in training.

One of the reasons we had that skills forum is that we were able to sign a labour market development agreement with the federal government, which will see over a half-billion dollars of federally controlled employment and support services transfer to the province on January 1. So we were having the forum, in part, to make sure that we can properly and fully integrate those services to the benefit of Ontarians such as the ones who live in your communities; to make sure that those services provide the academic upgrading that's necessary, in the way and where it's necessary; to make sure nobody is getting missed out; and to make sure that the delivery of service is sensitive to local needs.

I remember we talked about what I think are called the GAIN centres that are in your community, which have a special relationship specifically targeted to the needs you find in the smaller community or the rural sector in your riding. You've spoken often about those centres and how important they are and the approach they take for rural members who don't have instant access to the services that we might take for granted in larger communities. I thought that was very helpful in terms of making sure that as we integrate the federally controlled services, we make sure that the training network is even stronger than it was when it was provided, as it is now by the province, and the federal government separately.

So we're continuing to make investments and we're continuing to integrate the services. We do wish the federal government would flow the labour market partnership money, which would provide enhanced services to not only individuals but to businesses such as in your community. I know they desperately need it, and I know we're waiting for the federal government to start flowing that money, because we could put it to good use instantly to benefit your constituents.

The Chair: That does conclude our time in this rotation. Thank you, Mrs. Van Bommel.

To the official opposition: I think it is Mr. O'Toole.

Mr. O'Toole: Not only is it a surprise for me, it's a distinct pleasure to have this chance to speak directly with the Minister of Training, Colleges and Universities. I say it's a surprise because Mr. Wilson isn't here today. I think he has the flu, or something like that.

In the broader sense, we've been focusing most of our time on just the local issue of the importance of Durham and the UOIT. I commend Mr. Arthurs for working alongside co-operatively. We tend to do that, which is good. The reason I say that is, it is actually my riding.

The other day, when they were inducting the new president of the college, Leah Myers-Wayne was fortunate because he's a member of the government caucus; he's not a member of government. You're a member of government. He's a member of the government caucus and I'm a member of the opposition caucus. But it's my riding, and he was on the stage. I was somewhat taken aback. I just want to put it on the record, because I feel very proud of that, and so does Wayne, but it's my riding. I expect to be on the stage at the swearing in of the new mayor in the next municipal election in his riding. It's sort of treacherous humour, if you will. The irony of it is, when he was speaking I think he recognized me, but he also said, I believe, that it was Jerry Ouellette's riding, which it isn't. It's all Inside Baseball.

Anyway, you were there, and I commend you as well for being there for the Taylor family and for Howard Sokolowski from Tribute Homes—the \$2-million donation, the most recent capital donation there. That's just behind OPG-\$10 million-and, as Mr. Arthurs says, the Beacon project. So there's great community support.

We do have the kind of economy-unlike Hazel, we're a lot of green space and we've got real opportunities for the future. We don't quite have the development, but we have the population, and it's going to be a very diverse community.

There are ongoing discussions with Rick Lea, who is the executive director for the Durham region local training board, and they're doing consultations. Part of that is-I am on topic here, actually-probably part of the labour market agreement that you're working towards and the federal-provincial relationships that have to solidify to make that money flow. If there's anything we can do there, certainly in opposition I'd be pleased to do it where it favours working with the market conditions in the area. First of all, they do a great job in identifying the market needs. I support them. It's a multi-partied organization, representing labour groups, trade groups and farmers. All of the various employment areas are represented. I think they do a great job in a fairly nonpartisan way, too.

Are they going to be qualified for any of the settlement funding that Mr. Colle always talks about? There are a lot of people—certainly more in Ajax-Pickering newer Canadians, coming to our area who need some of this support. How does some of the settlement money flow?

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Hon. Mr. Bentley: That's somewhat outside the purview of my ministry. Minister Colle and I, the ministries, are working together quite well to make sure that the funding we invest, for example, in the new Job Connect centre services for new Canadians in Brampton-we made an announcement there just a few weeks ago-we make sure that those investments from MTCU actually support and enhance the additional investments that he's making. But I don't control the access to his funds.

Mr. O'Toole: I know. That's kind of where I'm going. I've just recently met with Job Connect and

JobsNow people as well. I'm sorry to bring it all back to the recent discussion about making sure there's one window unless-it's more seamless for resourcing these very fragile employment entry points, if you know what I mean. Then you get into the real funding, which flows to the institutional side, whether it's the college or prior learning assessments with the ministry for the professionals.

Do you have access to money directly for doing credentialing for new Canadians, like someone who states they're a doctor or a nuclear engineer or something? There's federal money for that—it's quite expensive—to validate these credentials for new Canadians.

Hon. Mr. Bentley: The—sorry. Mr. O'Toole: Go ahead.

Hon. Mr. Bentley: Can I just respond to a couple of points? I won't try to use up your time.

I think you're very right: It is important to try to make sure that there is an access point for all of these various services, because there are a lot of them out there. We're working very hard to make sure that happens. The labour market development agreement gives us an opportunity to do even more of that with federal services. But even within the government of Ontario, we've been working hard to make sure that there's increased coordination between the services, and we'll continue to work hard toward that.

You mentioned the training board. I'm very supportive of training boards throughout the province of Ontario, and I'm pleased to hear that you've been having a meeting with your local training board. I'll certainly be interested in finding out what their suggestions are for improving either the coordination or services that they don't have in the future.

The specific bridge training programs are something that the Ministry of Citizenship and Immigration controls. I know they have introduced many bridge training programs, and I know that they are funding many bridge training programs. They also have a loans program out so that new Canadians who wish to enter these types of bridge training programs who don't have access to the funds can borrow, I believe, up to \$5,000 to actually enter and benefit from the bridge training programs and credentialing programs that are out there.

In terms of anything you can do, there is something you can do, and it's in terms of the labour market partnership agreement. That was the additional amount of money, through the McGuinty-Martin agreement, that now-Prime Minister Harper, when he was in the throes of

an election campaign, agreed to honour.

The partnership agreement recognizes that historically the government of Canada, of any stripe, has spent less on labour market training in Ontario than elsewhere because of the employment insurance rules. So that additional funding, which grows to \$314 million a year in the fifth year of it, but would be about \$180 million this year, is necessary to bring us up to average—just average. That would mean a lot for your community. It would mean a lot for the businesses in your community, which are served, as you say, by the training board and others. It would mean a lot for the workers in your community, and you're trying to build a strong economic base in the community, whether it's in auto or in other areas. It would mean a lot to workplace training. It would mean a lot to literacy enhancement services. I think your support, with the federal MP from the region and with the current federal government, in asking them, telling them to flow that money as quickly as possible, would be enormously supportive and helpful to the government of Ontario and, more importantly, to the workers and the business in the province of Ontario.

Mr. O'Toole: That's very good; actually, a pretty

honest dialogue here. That's surprising.

Part two, the other partners working in this multi-faceted entry point to jobs are basically the John Howard Society—they have a role in that—as well as the YMCAs. I find that important, because they're all fragilely funded. They're not huge, core-funded organizations. I think that if you're going to come out of this whole labour market strategy exercise, it would be important to make use of Job Connect and those programs working with some of the other delivery partners. So thanks for that discussion.

I think one of the more important areas that's sometimes neglected is, what is the real strategy on skilled trades training? I recall, early on, most of the apprenticeship programs were four-year programs. We had an apprenticeship reform bill, which ended up getting chewed up; nothing ever happened to it. The trades themselves are pretty adamant about how to streamline and become more efficient and competitive. Maybe I'm not picking the right words, and I'm not criticizing them, but here's what I think. There are certain skill sets within each trade. Most trades are four years. If you look at an electrician, a millwright, a tool and die maker, whatever, in those specific skills there is convergence in many of the areas, because almost all have an interface at some point with high-tech or technology. So to assume that someone with a trade today is ready to continue tomorrow is not correct, because the trades themselves are changing dramatically because of the new types of tools, software etc.

Have you got any strategy in that area? It's a little farreaching, but it means poking into some of these very scripted—here's the number of training modules; here's how it's funded. One of the rules I found rather prohibitive—this isn't criticism, it's an observation; we're not being political here—is the ratio of the skilled trades to apprentices. It's prohibitive for some small business to have an apprentice, because they've got to have five skilled trades on staff to have one apprentice.

I have a perfect example. There is a skilled tradesperson in my riding. For anyone who has a very high-end European car, there's one place; I won't bother, for commercial reasons, mentioning it. This guy is renowned. He can fix anything from an airplane engine to—and he's trained in another country. I don't know anyone with one of those expensive foreign cars, but a

friend of mine told me that this is the only place to go. So I went there to talk to him about this, and he said that he can't have an apprentice, because he has to have so many skilled tradesmen on payroll.

Now there's a rule. Have you looked at that rule as being one way of working with the skilled trades organizations—to change those, for their advantage? We're going to be out of business. We're going to have to bring all these skilled tradespeople from other countries.

**Hon. Mr. Bentley:** Thank you very much for that. There are, as you outlined earlier, two different apprenticeship acts, one that was introduced by the government of which you were a part.

Mr. O'Toole: I was in the caucus; I was never in the

government.

Hon. Mr. Bentley: I won't go there. We'll just move

We're working hard to make sure that the province of Ontario has the trades that they need for economic development today and into the future. One of the things we did was to set up the apprenticeship action table. We brought together business and labour, we brought the educators together, and we said, "What does the apprenticeship system look like? What are we doing well as a province? What are we not doing well? How can we improve it?"

We're having a good, thorough discussion about the ratio issue, among others. That's an issue—as you can appreciate; you've probably heard it before, because you've been a member for longer than I have. There are issues on both sides. There's a necessity to have the appropriate degree of training. There's a necessity to ensure that workers are not being just hired on because they can be hired at a cheaper rate. There's the necessity to ensure we have the trades into the future. So we're discussing those issues, among others.

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In the meantime, of course, we brought in the apprenticeship training tax credit, a \$95-million program to encourage businesses to take on apprentices, because one of the issues is that relatively few businesses actually take on an apprentice, whatever the ratio. We want them to take on an apprentice. It's \$5,000 a year, up to \$15,000 over three years.

We're also investing in programs such as the preapprenticeship program and the co-op diploma program and the OYAP, as you mentioned earlier, to smooth the entry into apprenticeship programs wherever they happen to be.

So I'll be awaiting the various recommendations of the action table. I'm sure we'll have more—

**Mr. O'Toole:** It tends to be somewhat controversial, as you say, but I encourage you to continue working through it, for the right reason: having the right number of skilled trades to meet the economy's needs.

I don't like to interrupt too much but, as the Chair has mentioned, it is my time, and I'm enjoying it, actually.

The apprenticeship thing does fascinate me for other reasons. If I recall, when Ernie Eves—pardon me. What's her name? Who was the minister there?

The Chair: Sorry. Which ministry? Finance or— Mr. O'Toole: Anyway, TVOntario got into training. The Chair: Isabel Bassett.

Mr. O'Toole: I was only kidding. I think you get that. I was trying to make the point without using that. But TVOntario had a very important responsibility on the whole development of skill set modules and online training. What's the status of that? To me, considering the geography and the diversity and all these other barriers to employment, this kind of delivery of technical information online is absolutely critical, for distance reasons and a lot of other reasons too. Are there any updates you can give us on that? I think this is part of the pre-assessment, prior learning, getting up to speed on certain things. If people have been out of a trade for a while, they may know how to spell "electricity," but with all of the new digital widgets, maybe they're not up to speed.

Hon. Mr. Bentley: As you know, the responsibility for TVO and its program content was transferred over to the Ministry of Education. In terms of the delivery of apprenticeship training generally, we do have, as you know, advisory committees at the provincial level under both acts which bring business and labour together and give us good advice on how to streamline, improve and enhance the training system, both the in-class portion of the training system and of course the practical side of the training system. At the end of the day, an apprenticeship is a job and it's a training position. So we're looking for good advice there. If there is an online component that can be taken, if there are programs online that are generally accepted and that will improve and enhance the training process, I'm certainly prepared to take a look at that. If you have some specifics, forward them on to my office; we're interested in that.

Mr. O'Toole: I appreciate your response. The reason I say that is I didn't agree when that function was transferred to the Ministry of Education. I still think it's part—or at least a good relationship should be in any job strategy. They tend to perhaps think that all that training has to be done with OSSTF and OECTA and stuff, and you get into a whole bunch of other different rules which aren't really particularly helpful, and you find that works more in the college sector. There are lots of people there who are actual tradespeople who may have a degree or may not, but they have passed all the acid tests of legitimacy and being able to communicate the knowledge. So I think it works quite well there. That's just another resource that could be put together to work tobecause there's no doubt our economy is going to be dependent on having the right people with the right skills, and they don't all have to have a PhD in electrical engineering. They have to have some practical skills in many cases.

Just one last thing, because I am trying to fill in all the time that I've been allocated. I don't have any notes here, so I'm just going by memory. One of the best reports I ever read on post-secondary reform, prior to the Rae report, which I've not read—I did have the pleasure of

meeting with Bob Rae in the drafting of his report and looked at certain recommendation sections in it. It's a very optimistic outlook. There are a lot of challenges there, when you look at Ontario compared to other provinces.

But the report I found the most insightful was the Smith report. It was about 1997, I think—1997-98. It's worth looking at. It was quite provocative actually in terms of the funding mechanism.

Have you looked at anything outside of the Rae report or is that going to be the template for funding education into the future? Even now when you made your announcement, some of the students are still arguing about the tuition side of it, their own contribution portion. It seems to me that has been a perennial argument when you look at some other jurisdictions like—I'm familiar with Ireland, where they had the free tuition thing, using that to boost them into the next century, I guess. That's the template that's going to be handled and in place? You've got more money, more loans. I don't know if that really helps the problem, if they've got more debt when they finish. Do you understand?

Hon. Mr. Bentley: Absolutely. What we're determined to do is increase the number of spaces and increase the assistance available for students who don't have the money to get into those spaces so that we can improve the participation rate by students in the province. It's fortunate that the participation rate in college and university has gone up 5% over the last few years.

I just wanted to add, without taking up your time, in terms of online delivery, we expanded the Contact North system, which is not TVO but it is online, real-time delivery. It was at 67 communities; we expanded it to 87 communities and enhanced services to 12 more. Also, they have an eDome, as you know, at Cambrian College in Sudbury and they can use that to deliver—real time but over the Net—trades training to different locations. Your idea of using the online Internet or other electronic means to deliver training I think is a very good idea. It is expanding, and we'll always look for opportunities to do more where appropriate.

The Chair: To the third party. Mr. Marchese.

Mr. Marchese: I want to read something from OCUFA's research paper, May 2006. It's around performance indicator use within Ontario universities. It

"Universities have long been accountable. Almost every university in Ontario has a university senate and a board of governors charged with the task of ensuring that the university is fulfilling its mission, meeting local needs, and implementing quality education, and making fiscally responsible decisions.... There are university community relations committees, university websites, as well as annual reporting requirements to the MTCU, which include:

"Enrolment target agreements; audited financial statements; audited enrolment reports; capital plan investment reports; major capital support program reports; facility renewal program reports; Ontario student opportunity trust fund status reports; access to opportunity program reports; Ontario graduate scholarships in science and technology reports; bilingualism grant reports; tuition fees set-aside reports; tuition fee survey; tuition fee monitoring reports; accessibility funding for students with disabilities reports; quality assurance fund reports; audited OSAP compliance reports; reports on special purpose grants to individual universities, including aboriginal education and training strategy program reports; educaction reports, interpreters fund reports; women's campus safety grant reports; nursing; compressed master's expansion/collaboration reports; reports on programs of French as a minority language; graduate survey (for the KPIs) ... new program approval submissions."

"The Council of Ontario Universities has noted universities have been tracking their performance for years. All Ontario universities are required to report on the province's three system-wide KPIs to the MTCU. There are performance indicators at every Ontario university to measure student recruitment, selection, admission, and retention efforts. As for public accountability, Ontario universities are required to publish annual reports, will be subject ... to freedom of information ..."

They argue, "Despite all of this rich and varied activity, there has been growing pressure on Ontario universities to develop additional performance indicators." That's true, I'm assuming, in terms of additional pressures to introduce other indicators.

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**Hon. Mr. Bentley:** I wouldn't describe it as such. I would describe it as: We want to get the right indicators to improve access and quality.

Mr. Marchese: What would they be?

Hon. Mr. Bentley: That's why we've got the Higher Education Quality Council to provide some good research. I think everybody has an opinion as to what some of them might be. More faculty is a good thing, not a bad thing; better student resources—good thing; more support staff, so better access to support staff; updated classrooms and equipment.

Mr. Marchese: Do you not think that the list you mentioned is part of a long list of research that's been done already? Do you think that we need more research on the list that you added? There could be more, of course.

Hon. Mr. Bentley: I think the point has been made, and you make it again today, that there are many different reports that institutions at the university or college level engage in with the province of Ontario. The question has always been: Are we measuring the right things for the right reasons, and how many things should we be measuring?

So what we're trying to do in the multi-year accountability agreements is focus the measurements on access, on quality, to ensure an appropriate level of accountability. At the same time, we're looking at all those different reports that you outline and others to determine: Do we really need them all, or will they be subsumed in the multi-year accountability agreements?

In fact, there's a joint MTCU/COU working group on the reporting requirements. There's an agreement to streamline them, and we're working to achieve that process.

Mr. Marchese: They say the following, which is a strong point: "[T]here appears to be no uniform approach, no institutional standard, no widespread agreement, no one-size-fits-all formula. Each university is unique. Each has its own definition of quality and how to measure it." Do you agree with that?

**Hon. Mr. Bentley:** Every institution is unique, but I would not want to suggest that there might not be some quality indicators that would be the same for all. They may not be applied the same in each institution—we spoke about one earlier—but there may be some quality indicators that would apply to all institutions and that we should measure, and measure rigorously.

**Mr. Marchese:** I agree with that. You agree with me, for example, that there should be more faculty, and they

agree.

Hon. Mr. Bentley: Absolutely.

**Mr. Marchese:** And there should be better student resources. Universities agree and you agree. I'm not sure what we disagree on, except, I guess, they're waiting for the money to make some of these things happen, I suppose.

Hon. Mr. Bentley: We're pleased to be part of a government that is investing in colleges and universities, and we're determined to flow the money. We just want to make sure, as I'm sure you do, that when the money flows, it actually goes for those things that we agree it should be invested in, such as more faculty, better student services, better student resources.

Mr. Marchese: Bob Rae does say that the pendulum can swing too far in the other direction, and you can expect too much from spending additional money, saying, "We'll spend additional money, but only if we get X." Then there is the culture of filling out forms and producing documents. We've all been through it. It becomes very time-consuming, and I'm not sure how productive it really is at the end in terms of the result. He says "I worry about that." Do you worry about that?

Hon. Mr. Bentley: I think you've hit on one of the reasons why these multi-year accountability agreements, like the interim ones, take some time. You're trying to obtain, as a government, the necessary balance between the accountability that everybody would expect and you would demand in the House, and the flexibility that institutions need, institutions which are—yes, all universities maybe, or all colleges, but they're not instinctively or intuitively the same. So we are taking some time to get that balance right, and I expect it'll take a while.

Mr. Marchese: I'm sure it will.

In May, you announced that Frank Iacobucci, chair of the Higher Education Quality Council of Ontario—in the estimates briefing book, you note that HEQCO will support improved quality in the sector, access to post-secondary education and accessibility of institutions. What's the budget for the council for the coming year and the previous one?

**Hon. Mr. Bentley:** For this year, I believe the budget is \$3 million, which is expected to grow to \$5 million, and expected to grow to \$8 million.

**Mr. Marchese:** Okay. Mr. Iacobucci will receive \$50,000 in remuneration. Is he already receiving it? Has he received it for last year?

**Hon. Mr. Bentley:** That's an excellent question. I expect the money has started to flow, or has flowed, because he's already been working since his appointment, yes.

Mr. Marchese: So since his appointment, he's being paid.

Hon. Mr. Bentley: Oh, yes.

**Mr. Marchese:** How many staff does HEQCO have? How many staff?

Hon. Mr. Bentley: It's still being set up. We're finishing the appointments. We're starting to build the infrastructure around it, so it's not there yet. I can tell you we've got five staff, so we've got a budget for five. There's a budget for five staff. I expect most of the money will be in the research.

Mr. Marchese: So we do have five staff?

**Hon. Mr. Bentley:** We have a budget for five staff. We don't have five yet.

**Mr. Marchese:** Ah. So we have a budget for five. Do we know how many we have already, Deputy?

**The Chair:** Sir, that was a question to the deputy. Deputy, could you please respond into the microphone?

Mr. Philip Steenkamp: We are in the process of recruiting the CEO, and then the CEO will have the responsibility for recruiting the staff.

Mr. Marchese: Does it have an office yet?

**Mr. Steenkamp:** They are in temporary offices at the moment. We are in the process of working with Ontario Realty to secure permanent space, and that should be a matter of a number of weeks.

**Mr. Marchese:** Does it have a phone number at that temporary office?

Mr. Steenkamp: They do have a phone number, yes.

**Mr. Marchese:** Do you know the number, by any chance? I'm sure it's posted on some website. Is it posted anywhere?

**Mr. Steenkamp:** It is posted. I don't have it with me.

Mr. Marchese: It is posted. Does it have a website?

**Mr. Steenkamp:** We're in the process of setting up the website.

**Mr. Marchese:** And it hasn't produced any reports yet, obviously.

**Hon. Mr. Bentley:** No, because the research hasn't been started. What the chair has been doing is meeting with a lot of stakeholders. I expect you will learn from OCUFA and OPSEU and others that they've been meeting.

Mr. Marchese: Sure. In terms of ensuring accessibility, since May we don't have anything, but we will in the future.

Hon. Mr. Bentley: No. As I say, he's been meeting with quite a number of the stakeholders and stakeholder

groups. I expect he will continue that to get input, and then the research will start.

**Mr. Marchese:** We're raising these questions because if he's dealing with accessibility, we can't find a website, a phone number or any staff in the online directory. It was established almost a year ago, but nothing seems to be going on. But obviously things are slowly unfolding.

**Hon. Mr. Bentley:** They're under way. They're being developed.

**Mr. Marchese:** Are there any students or faculty on the Higher Education Quality Council of Ontario?

Hon. Mr. Bentley: We'll be making the announcement soon as to the rest of the appointments. What we've said is that we're looking for a diverse group of individuals, not necessarily stakeholder groups. We're looking for people who can provide some good advice on what quality and access is. We regularly receive submissions from stakeholder groups, whatever they are, whoever they happen to be, about how to improve access and quality and what the issues and opportunities are in post-secondary education.

**Mr. Marchese:** Right. So the diverse group does not include faculty?

Hon. Mr. Bentley: The diverse group will be announced when we've completed the process. I think it will be a group that will be reflective of different backgrounds so that the chair and HEQCO generally can benefit from a good, diverse exchange of ideas on not only what should be researched but the quality and what the research actually means.

**Mr. Marchese:** Are any students part of that diverse group?

Hon. Mr. Bentley: We'll be anxious to announce that in the near future when the process is completed.

**Mr. Marchese:** So we're assuming this diverse group, of which we know nothing, will be sensitive to students or faculty, even though they may or may not be part of that board.

**Hon. Mr. Bentley:** I absolutely expect that whoever is appointed will be sensitive to the essential role of post-secondary education in the quality of life of all Ontarians and be sensitive to the fact that students have issues and concerns and would want to hear what they are and—

Mr. Marchese: Yes, of course you do. You're the minister, and you talk about wanting a diverse group. You must have a sense of what this diverse group is going to be or what it consists of, do you not?

Hon. Mr. Bentley: When we complete the process, which I expect will be soon, we'll be in a position to make those announcements, and they'll be subjected to the judgment of you and others in fulfilling their mandate.

**Mr. Marchese:** So you have no interest in telling us who this diverse group is going to be?

**Hon. Mr. Bentley:** I think we should complete the process and be able to present the names to the people of Ontario. Obviously, I would expect that everybody in the

province of Ontario either does or should have an interest in post-secondary education.

Mr. Marchese: Sure. Of course.

Hon. Mr. Bentley: We're expecting a board that will not include everybody in the province of Ontario, so by definition there are going to be people who probably come from diverse backgrounds but don't include all of them.

**Mr. Marchese:** When do we expect you to complete this process?

Hon. Mr. Bentley: I expect a matter of weeks.

Mr. Marchese: Okay. So it's going to be a diverse group, we don't know what they are, and when you decide then we will know and then we will judge you on that basis. In the meantime, we don't know what the diverse group will be, even though in a couple of weeks you'll tell us.

Hon. Mr. Bentley: I look forward to the opportunity.
Mr. Marchese: And we look forward to the opportunity to respond.

You've guaranteed that no student will be turned away based on need. What measures have you taken to ensure that you know when this occurs?

Hon. Mr. Bentley: We've done a couple of things. We're in the multi-year accountability agreements with the institutions. We have said that they have to participate in the student access guarantee. We're working to make sure that the institutional aid programs and the governmental aid programs are actually linked and work well together. We're working with the institutions to make sure that they comply with the student access guarantee and that students don't fall through the cracks, that they have access to the resources they need for their tuition, books and mandatory fees.

Mr. Marchese: How would you know if this doesn't happen? They're expected to comply, but how would we know if something doesn't happen? How would you know?

Hon. Mr. Bentley: Well, two things—Mr. Marchese: Who would tell you?

Hon. Mr. Bentley: Well, two things, of course: The institutions who actually participate in the process will be required, under the multi-year agreements—there will be a reporting on that. That's one of the things we want to make sure we get right through the reporting.

One of the issues the Higher Education Quality Council will be monitoring and assisting us with is compliance with the student access guarantee for the purpose of ensuring access to those students with limited resources.

**Mr.** Marchese: You've said that the Higher Education Quality Council might review tuition frameworks to ensure accessibility.

Hon. Mr. Bentley: Sorry. They will help monitor the student access guarantee.

Mr. Marchese: Who's "they"?

**Hon. Mr. Bentley:** The Higher Education Quality Council. Certainly, part of that—

Mr. Marchese: Were you answering my question? Sorry.

Hon. Mr. Bentley: I thought so.

**Mr.** Marchese: Ah, I see. You've said that the Higher Education Quality Council might review tuition frameworks to ensure accessibility, and you were answering that question; is that correct?

Hon. Mr. Bentley: Yes. They will actually monitor the student access guarantee to ensure that students are not being denied access for lack of financial resources and that the institutions are complying with the student access guarantee.

Mr. Marchese: So the Higher Education Quality Council will monitor this. But nothing has happened yet—right?—because they're not up and running.

Hon. Mr. Bentley: They're getting up and running, just as we're negotiating the multi-year accountability agreements so we can put in place and bring life to this determination that we have to ensure students can get into post-secondary education—

**Mr. Marchese:** We have no CEO, we have no staff. We have Mr. Iacobucci, but he's monitoring this? Because remember, there's no CEO or staff.

Hon. Mr. Bentley: There are different levels of monitoring. The Higher Education Quality Council will be the longer-term monitors of this, because they'll be doing it on a research-based basis. The multi-year accountability agreements and our integrating and bringing live the integration of the institutional aid programs and the governmental aid programs will give us the short-term ability to make sure that students aren't falling through the cracks for financial reasons.

Mr. Marchese: When HEQCO, which is part of the long-term solution to this question, gets up and running, will they be tabling reports?

Hon. Mr. Bentley: Yes. The body is to conduct good research in areas such as access and quality so that they can give us advice that's based on research on how to improve access and quality in our post-secondary institutions.

**Mr. Marchese:** And that will start as soon as we have the CEO and staff?

Hon. Mr. Bentley: The determination of what should be a subject of research I expect Justice Iacobucci is already receiving advice on. I expect when the appointments to the board are concluded, the research will start to be allocated from there.

**Mr. Marchese:** Last year, you abandoned the tuition freeze and allowed fees to rise. Have any colleges or universities opted not to raise fees?

Hon. Mr. Bentley: We were pleased to have been the first government in the history I can find to actually have frozen tuition fees, and we did it for two years. We did bring in a regulated, predictable framework last year. To my knowledge, nobody has, overall, chosen to continue the freeze.

Mr. Marchese: Does the deputy know? Deputy?

Hon. Mr. Bentley: He confirmed that to me.

**Mr. Marchese:** Have any colleges or universities opted not to raise fees?

Hon. Mr. Bentley: I just answered that question.

Mr. Steenkamp: No.

Mr. Marchese: To your knowledge?

Hon. Mr. Bentley: There aren't any.

Mr. Steenkamp: There aren't any.

The Chair: Please, he's asking the deputy a question. I'd appreciate if the deputy had a chance to respond.

Mr. Marchese: If the minister doesn't mind, of course. Have any opted not to raise the maximum allowable level. Minister?

Hon. Mr. Bentley: I think my recollection is that there are a number. I don't have all of the specifics. Of course, whatever they did on average, there would be programs within each institution where they either chose to raise them the maximum or didn't choose to raise them at all.

**Mr. Marchese:** Deputy, have any opted not to raise the maximum allowable level?

**Mr. Steenkamp:** We're in the process of collecting the information on exactly what institutions did on tuition fees.

Mr. Marchese: We wouldn't have it yet, I guess?

**Mr. Steenkamp:** We have most of the information. It's a matter of compiling it right now.

**Mr. Marchese:** Once you have it compiled, can we have a copy of that, please?

Hon. Mr. Bentley: Sure.

**Mr. Marchese:** We'd like a breakdown of colleges and universities and the percentage amount they have increased fees in each program.

Hon. Mr. Bentley: I think you can find that from the institutions. They're in charge of their programs. There are probably—I don't know—1,000 or 2,000 different programs from the institutions. We'll give it by institution.

The Chair: Last question, Mr. Marchese.

**Mr. Marchese:** I was asking to table the breakdown of colleges and universities and the percentage amount they've increased fees in each program. That's what I was asking the minister.

Hon. Mr. Bentley: We don't compile that.

Mr. Marchese: Mr. Chair, does the ministry not compile that?

The Chair: The question is the increase in fees?

**Mr. Marchese:** Yes, the breakdown of colleges and universities and the percentage amount they've increased fees in each program. I was asking the deputy that, and the minister has helped the deputy to give an answer.

**Mr. Steenkamp:** We don't compile it by program. We get it in—

**Hon. Mr. Bentley:** Don't characterize what I said. I was asking the deputy a question and he's about to give you the answer, but don't provide an inaccurate characterization of a conversation you didn't hear.

**Mr. Marchese:** Why would you have the need to pass on to the deputy what he would want—

The Chair: Gentlemen, let's-

Hon. Mr. Bentley: I wasn't doing that— The Chair: Gentlemen, order, order. **Hon. Mr. Bentley:** —and I resent the implication that I was doing any such thing. I was in fact asking, "Do we compile that type of information?"

The Chair: Minister, please come to order. When the Chair calls for order, please oblige immediately. The member had asked a question about the amount of increase in tuition across institutions—

**Mr. Marchese:** He's answered it. The minister has answered and so has the deputy now.

**Hon. Mr. Bentley:** With the greatest of respect, Chair, three times now the member has said something that's absolutely incorrect.

Mr. Marchese: What are you talking about?

The Chair: Gentlemen, hold on. Order.

Hon. Mr. Bentley: He was incorrect.

Mr. Marchese: What are you talking about?

**Hon. Mr. Bentley:** The suggestion that I had given the answer to the deputy.

The Chair: Order. Guys, order. Please respect the Chair. I'm cutting off debate. We'll move to the government side. The government has 20 minutes.

Mr. Arthurs: Mr. Chairman, if we could, the government is planning to take 10 minutes of the approximately 20 minutes, stand down the balance of their time and allow for a complete rotation by the official opposition. I believe Mr. Zimmer's going to take the questions from our side.

The Chair: Agreed then, Mr. Zimmer?

Mr. Zimmer: Yes, thank you. I have two questions,

so probably five minutes each, I guess.

Minister, can you explain the process of how colleges and universities—Seneca and Fanshawe or the University of Waterloo and the University of Toronto—engage the ministry when they're competing for approvals of programs and the funding of those programs? A lot of the MPPs, I rather expect from all parties, get lobbied by respective colleges or universities in their area: "We've got a great program. Why can't we have the program? We'd like the funding." I'd be very interested, as would a number of other MPPs and their constituents in the college and university community, to perhaps have some insight into that process.

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Hon. Mr. Bentley: Let me answer generally, and then I'll give you a specific example. Generally, in order for the ministry to fund a program, it has to be approved through an approvals process. We want to make sure the college or university is actually able to provide and support the type of program that's outlined. So there's an application process; there's a review process by the ministry, if the college or university has not previously been offering the program; and then there is an approvals process.

When it comes to some specific program—for example, medical school education; we have a number of medical schools in Ontario—in order to increase the number of spaces at those medical schools, for example, you need approval not only from the Ministry of Training, Colleges and Universities, but also more generally

from the medical accreditation boards, because at the end of the day, a med school is only as good as its accreditation. If it loses its accreditation because it's not living up to standards or because it's taking on too many students and diluting the standards, then it's no longer able to graduate students who can go on to become doctors. So there is a multi-party process of approval.

When we increased the number of med school spaces by a total of 23% earlier at certain institutions, we had to do so not only in conjunction with the accreditation body for the new Northern Ontario School of Medicine, but also in conjunction with the accreditation process for each of the med schools that got the extra spaces, so that not only would we provide the funding for the spaces, but the accreditation body would recognize those additional students as eligible to become doctors in the future when they finish their education.

Mr. Zimmer: My second question has to do with what the Ministry of Training, Colleges and Universities is doing to assist the government with its initiative in the recognition of foreign-trained individuals; more often than not, foreign-trained professionals. I see a lot of that in my constituency of Willowdale. I have foreign-trained medical doctors and engineers who consult with their regulatory body, which analyzes their degrees and professional training and often recommends an additional course of university training. How does your ministry budget for that? Do you work closely with the ministry that's the regulator? Where does the money come from, or how do you make those decisions?

Hon. Mr. Bentley: I think what happened, when the government enhanced the Ministry of Citizenship and Immigration on the appointment of Minister Colle, is that many of those programs were transferred to that ministry so that they're formally approved and regulated either by that ministry or by the Ministry of Health.

The process, briefly, is that the initial assessment tests have been greatly expanded, and Minister Colle made an announcement a little while ago essentially saying that funding would be increased and those assessment tests expanded—this is generally available information—that the number of residency spots for IMGs would be expanded from 90 to 200, that they would create a new physician practitioner stage so that they could practise with a practising doctor even if they had not become fully accredited to get the training.

We fund the medical school spots and the med school programs, but the accreditation of foreign-trained physicians and the provision of additional bridge training is really within the purview of the Ministry of Citizenship and Immigration.

Mr. Zimmer: If I can just go back briefly to this idea of the competition between colleges and universities for program dollars and so on, does your ministry ever take the initiative and approach a college or university with the idea: "At your initiative, would you take on this program or would you increase that program"—that sort of thing—or does it always generate from the university or college?

Hon. Mr. Bentley: No, no. It's often a two-way street. I wouldn't want to characterize one as being the greater suggester than the other. For example, with the teacher training spots, we not only fund teacher training spots but are funding an additional thousand teacher training spots. Some years ago it was identified that, because of the demand over the course of a number of years, the ministry should actually approach the institutions and see if they would teach extra teachers over and above what they'd been teaching, and they received extra funding to do that. So we provide extra teacher training spots and we've continued the thousand extra spots to make sure that we have enough teachers for our smaller class sizes in the younger grades and other initiatives. It is a two-way street.

Mr. Zimmer: A very short question, more out of curiosity than anything: How have the changes in mandatory retirement affected the availability of professors? Are they leaving the university? Are they hanging on? What's the situation there?

Hon. Mr. Bentley: That goes live on December 12 of this year, of course. That's when mandatory retirement officially ends. It is something that professors throughout the province of Ontario asked this government very strongly to do. We're pleased to have been able to do it. We know there's going to be a shortage of faculty in the future. This may help address a little bit of the shortage, but on the basis of experience elsewhere, whether in other provinces of Canada or in the United States, we don't expect that there will be a huge uptake by professors to stay on for long periods after age 65. That just hasn't been the experience elsewhere. But it certainly is nice to be able to have the option.

**Mr. Zimmer:** Thank you, Chair. I make that about 10 minutes.

**The Chair:** Pretty close; you've got eight minutes. We're all good over there? Okay.

To the official opposition. Mr. Dunlop, you have 20 minutes.

Mr. Garfield Dunlop (Simcoe North): Thank you very much, Mr. Chair. To the Minister of Training, Colleges and Universities, I do appreciate the fact that you're here. I want to put a few comments on the record about post-secondary education in my riding. I have a few people I'd like to thank and a couple of questions to you, so I'm going to kind of drag it out a little here. I don't mean to bore you and not let you have a lot of answers or anything like that.

Hon. Mr. Bentley: You never bore me.

Mr. Dunlop: I was elected in 1999. At that point, Georgian College, our campus in the city of Orillia, was about 800 students shy of capacity. Our campus in Midland was just part of a building, a unit behind the radio station in a commercial building. One of the things I'm most proud of is the fact that I was able to work with the very bright young president of our college. I know that you know Brian Tamblyn, a go-getter who has done just amazing things with Georgian College. This year we've finally got enough so that the Orillia campus is at

full capacity now. We have made a financial arrangement on the purchase of a building in Midland—the old Industrial Research and Development Institute building, just a beautiful institutional type of building—and we're running a lot of trades out of that building today, something very near and dear to my heart in terms of where we're going with trades. I just want to put on the record how pleased I am that over the last eight years, through you as a minister and through Dianne Cunningham and also Minister Chambers—our thanks for the fact that you've all worked hard to help Georgian College out.

One of the things we're very impressed with there is the fact that, in the Orillia campus in particular, we have the college-university degree programs now. Earlier this spring I was at the first graduation of Laurentian at Georgian; our first 18 students in the city of Orillia graduated from that particular course. It's been successful, the programs that Laurentian operates at Georgian, as does York, I believe Windsor, and also an American university runs a few programs out of there as well. We've come a long way.

On top of that, we've also got-and I'm sure you're familiar, and I know you've been asked this question in the past—a presence now of a major Ontario university in Orillia. I guess it started four or five years ago, when a committee in Orillia went on a search for the possibility of a major Ontario university having a satellite campus in Orillia. Of course, the first one we chased down was Wilfrid Laurier University in Waterloo. They looked at it, of course, and after a couple of meetings with Minister Chambers, she gave us a couple of hints that there might be a potential in looking at Lakehead University in Thunder Bay. The mayor set up a task force, and we actually are very pleased that we were able to work with Lakehead University and that there is now a satellite campus in the city of Orillia. It started just this past September. It's operated by Dr. Sally-Ann Burnett. She's the director of education, or the dean of education, I guess you would say.

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It may sound small in terms of numbers of people that other universities have, but this campus has about 120 students now. We think that's an amazing start for this particular satellite campus in Orillia. A lot of them are local students, people who might not have been able to travel a long way. I can tell you that under the leadership of Dr. Fred Gilbert, another person I'm sure you've met a number of times, we're extremely pleased that we've got that up and running.

One of the predicaments we're in, Minister, and I think you probably know where I'm going with this question, is the future of both Georgian College and Lakehead University in Orillia. Right across the road from Georgian College is the Huronia Regional Centre property. Only 13 hectares or 14 hectares of a 300-acre site are available right now. It's used by the Ministry of Community and Social Services. The Ontario Provincial Police, through the Ministry of the Solicitor General, have an academy there. The Ministry of the Attorney

General has a courthouse on this property as well, buildings that they've renovated. But I can tell you that both Georgian College and Lakehead University are looking at this institutional property of 300 acres as a potential for future expansions in the next few years.

I'm just wondering: Is there any way that you can put on the record or give us an indication of any support you would have for either or both of those two institutions actually acquiring land or being able to make some kind of arrangement with the provincial government to possibly have land to be used for educational purposes in the future?

**Hon. Mr. Bentley:** I think that would be a question better directed to the Minister of Community and Social Services or the Minister of Public Infrastructure Renewal, who would be the ones directly involved in that.

What I am pleased to say is that the province will ensure that a student going to a publicly funded institution in Ontario is fully and properly supported. As you've heard me say in the past two years, we've increased the funding support for those students by 20%. So whether they're going to Georgian, whether they're participating in that college/university program you talked about or whether they're going to Lakehead, wherever they happen to be going in Lakehead, they'll receive good funding support on the operating side.

Mr. Dunlop: Okay. I do appreciate that.

I can tell you that our community, north Simcoe, is excited about these two institutions working together now. It's been a lot of years. We started looking at the potential of a university called Simcoe College 30 years ago. Property was acquired and eventually that never worked out, but there seems to be a new excitement about the expansion of both these facilities. Both Dr. Sally-Ann Burnett and Brian Tamblyn at Georgian seem to be young people who are driving this as well. I just want to say that for me it's a pleasure to work with them.

I have directed this question before to the Minister of Community and Social Services. She tells me, or it's our understanding now—I don't have anything in firm writing on this, but my understanding is that the ministry is willing to declare some of the property surplus at some time this fall. I'm asking you, Minister, is there any way you could give any kind of moral support? I'm not asking you to write a cheque or to say that they should be there for sure, or yes or no, or whatever. I'm just wondering if there's any moral support you can give these two institutions that would like to acquire land just immediately across the road from the Ontario Provincial Police headquarters and Georgian College.

Hon. Mr. Bentley: As I said, I think that's a conversation that's more properly held with the two other ministers, including the Minister of Public Infrastructure Renewal, who's responsible for land such as that when a particular ministry, as I understand it, declares that they no longer have an interest in it. I haven't been following the line-by-line details in that.

What I am pleased to say to the students of Georgian and to any of the Lakehead students or other university

students there is that this government is firmly committed to supporting them on the operating side. We are greatly increasing their support. We're making additional opportunities available so that universities and colleges can expand programs. Obviously, your community has benefited from the expansion of programs in part, I suspect, because of the good funding support they've received from the McGuinty government through the Reaching Higher plan.

I think you're right to be proud of the institutions there. I've spoken with President Brian Tamblyn on a number of occasions and toured the site. It was actually the Orillia part of the site that I toured. They're doing excellent work there, a very good tie-in, as you say, with the police foundations courses. I look forward to continuing to support the students who go to those institutions and take the programs that they do in the future.

**Mr. Dunlop:** So the next time I'll ask that question, it will be to the Minister of Public Infrastructure Renewal. I've been trying to get that out of all of you.

I have to tell you, Minister—I keep wanting to speak very close to this, and I know you don't have to.

I come from a construction background. I haven't gone to Osgoode Hall Law School or done any post-graduate work or any of that sort of thing. I spent most of my working life in a plumbing, heating and mechanical company, our family business. One of the things that's out there today, and I know that it has been there for decades, is the stigma attached to being a tradesperson, as opposed to someone who has graduated from a university program or whatever.

I've told this story a few times before. I've got a daughter who graduated as a nutritionist from Western University in London, and my son graduated as a plumber from George Brown College. This is where I think the stigma begins. I was just wondering about your comments on this and how we as a society, as ministries, can improve on it. When my daughter graduated, we had this great convocation ceremony at the beautiful campus in London. She got roses and a beautiful folder for her degree, and her gown and all this sort of thing. The place was full of people. It was a wonderful ceremony. I can tell you that to this day she has never used one minute of that degree. My son, however, graduated as a plumber, and seven or eight weeks later, his certificate arrived in the mail. It looked like it had gotten wet. The envelope was all scrunched. I think that says it all. Now, he has done extremely well, makes very, very good money. But there was nothing there for the tradespeople. They went to their courses, they passed, and there was nothing there from anybody at the end of the day like my daughter got from hers.

I'm just wondering—it's kind of a comment question. I think it's an area that we should be ashamed of ourselves about, that we've let that happen, and yet I see it as an opportunity for the future, how we can help attract young people. Maybe if all of the electricians or the auto mechanics or the tool and die graduates had a nice ceremony or had some kind of attention paid to them, it

might attract more people to get into these very, very important trades that, even today, we're finding shortages in as many of the people grow older. Kind of a comment, but any questions on it?

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Hon. Mr. Bentley: You know, I think that's a good observation and good advice. For many years, we did try to steer people just into university programs, and then a couple of those programs, and away from the trades. And yet, as you correctly say, we need the trades. You can get a great income, job security, and they're in demand everywhere in the world, although we want them to stay in Ontario.

We've done a couple of things, but I think your advice that we need to keep doing even more is good advice. You heard earlier that we had invested in the Ontario youth apprenticeship program in high school to try and raise the profile of the trades, give people an idea of what the opportunities are. We sponsor, directly and indirectly, a lot of job fairs, not only for high school students but even for some elementary students, through, for example, local training boards like the Elgin-Middlesex-Oxford-London local training board in my community.

We also have a number of different awards. We have the apprenticeship awards provincially to recognize good employers and apprentices who have succeeded, to thank them for taking on those graduates of programs such as the one at George Brown that you outlined. We have the minister's college awards, which every year recognize colleges for their excellence in programming, including their trades-related programming. But I think the point you make is a reminder to us all that trades are one of the three great destinations we should be encouraging people to go on to, whether it's university, and that's great, or college, and that's great, but also the trades. I think I'd like to work with you in finding new and innovative ways to get not only to the students but to their parents the idea that the trades are a great destination. I'll look forward to your advice.

Mr. Dunlop: Minister, I appreciate that, in that one of the things that I find in almost every community—at least up in our part of the province, I'm finding that there always seem to be one or two companies that take a true leadership role in promoting the trades. I know we've got up in Midland a young guy by the name of Ed Garraway, Garraway's Electrical Services. This guy has just bent over backwards to try to promote the trades to the chamber of commerce, to the construction association. He's the guy who hired the first three female apprentices in the area. They do phenomenal work, and he's proud of that. Sometimes, these people who play leadership roles in their community sort of run into obstacles as well. A lot of it is just the time; they don't have the time to devote to it. But I think—are we just about done?

The Acting Chair (Mr. Wayne Arthurs): No, we're okay. On our clock we're still good. We have four minutes left.

Mr. Dunlop: Okay. I guess all I was saying is that I would appreciate anything I've sent to you working that

way. I can tell you that one of the things I did do when my son graduated, because I was kind of disturbed at the thought of this certificate coming in the mail, is I went to my caucus colleague Dianne Cunningham at the time, who was the minister, and I said, "Look, Dianne, you've got to do better than this. Could you draft him a nice letter and I can frame it for him?" That meant a lot to him as well. Very few kids would have that opportunity, to have their MPP or their dad do that for them. But I can tell you that those are the kinds of things where I see opportunities for the future. I don't think this should be anything partisan. I think that if we're going to build Ontario, we have to do even a better job than we're doing today of promoting young people and getting them into these skilled trades areas. If you understand some of the—

Mr. Bruce Crozier (Essex): We need more accountants.

**Mr. Dunlop:** Well, I don't know about that. But I can tell you that it's important to me. I think it's just really important that we zero in on the salaries some of them are able to make.

Hon. Mr. Bentley: Well, as I say, we've got the action table provincially where we're getting the bigpicture advice, but if you've got some people locally who have some ideas, if they can bring them through you and provide my office with information as to what they think we could do to promote the trades generally, I'd be delighted to work with you on opportunities to do that. I think that's a very constructive suggestion.

Mr. Dunlop: Okay. That's all I have for now.

**The Acting Chair:** If you want to stand down the balance of your time, three minutes, that would allow us to complete our day on the rotation we had agreed to.

Mr. Dunlop: I'll stand it down.

The Acting Chair: We will stand adjourned until tomorrow following routine proceedings, at which time the minister will be with us, and we should complete, ideally, our time with the minister tomorrow. I think we're going to be okay for that, certainly with some cooperation from the government side in particular. Thank you. We stand adjourned.

The committee adjourned at 1755.

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# **Official Report** of Debates (Hansard)

Wednesday 25 October 2006

#### Standing committee on estimates

Ministry of Training, Colleges and Universities



# Journal des débats (Hansard)

Mercredi 25 octobre 2006

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

# STANDING COMMITTEE ON ESTIMATES

Wednesday 25 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 25 octobre 2006

The committee met at 1526 in room 228.

#### MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

The Vice-Chair (Mr. Garfield Dunlop): I'll call the meeting to order. We're here to resume consideration of the estimates of the Ministry of Training, Colleges and Universities. There's a total of three hours and 18 minutes remaining. When the committee was adjourned, the official opposition—that was myself last night—had completed the rotation, so now we will go to the third party for the next 20 minutes. Mr. Marchese, if you would proceed.

**Mr. Rosario Marchese (Trinity-Spadina):** Just before we start, Mr. Chair, I notice that the deputy minister is not here, nor are the others who are normally here, the corporate management service division.

The Vice-Chair: We can recess for four minutes. They're supposed to be here at 3:30. We just got a three-or four-minute jump on it, that's all. Would you rather wait?

**Mr. Marchese:** It's just that some of the questions I'm asking would be pertinent to them, I think, in terms of information they would have that the minister may or may not have.

The Vice-Chair: Let's give them a couple of minutes to be here, and then we won't have any dispute with it after that. If that's all right, we'll just—

Mr. Marchese: Well, we could start and see how it goes. If the minister thinks we need a bit of help, we could wait

**The Vice-Chair:** It's up to you, Mr. Marchese. If that's all right with you, we're happy with that.

Mr. Marchese: Let's try it.

The Vice-Chair: Okay, go ahead.

**Mr. Marchese:** I'll ask a first question that doesn't need the deputy, I suppose.

As you know, Minister, I introduced Bill 13, An Act to amend the Colleges Collective Bargaining Act with respect to part-time staff. Under the present act, part-time workers are not included in the bargaining units and have no right to bargain collectively with employers. Bill 13 amends the Colleges Collective Bargaining Act to include part-time staff in staff bargaining units. The question I have is, what is the public policy rationale for

legally denying the right of part-time college instructors to unionize?

Hon. Christopher Bentley (Minister of Training, Colleges and Universities): It's interesting: It's been the rationale from the time colleges were set up many decades ago. It seems to have survived governments of all political stripes. I know the government of your party between 1990 and 1995 introduced a bill that had moved partway through the process and that bill never came to a vote. What we're concentrating on, with respect to the Reaching Higher plan, is making sure we invest in colleges to support all the staff to support the education of students, so they can hire new staff, hire new professors, hire new support staff and support the students. That's where our concentration is at the moment.

Mr. Marchese: I know that you make reference to everyone else, including yourselves, and that your focus is the Reaching Higher plan, but I've introduced Bill 13. It's pretty well laid out on the table for any government to simply pick up and make their own if they want, make some changes. Clearly, we're supporting this. When you have the support of at least one party—I don't know where the other party stands on this—you have an option to simply say, "Yes, we can take that and move it along." Do you have any interest in taking this bill, making it your own and moving it along, or are you saying that's not your focus, and that your focus is the Reaching Higher plan?

Hon. Mr. Bentley: That's right. The focus has been and is the Reaching Higher plan. I am struck by the fact that your party introduced legislation in, I think, 1991—although I don't have the date exactly correct—it proceeded through, I believe it got to second reading but then was never called for third reading by your party. So I am struck by that. But our focus at the moment has been the implementation of the Reaching Higher plan and the conclusion of the various agreements.

**Mr. Marchese:** You continue to be struck by past experiences. Do you not want to free yourself from being struck so as to be able to unstick yourself and do something different?

Hon. Mr. Bentley: Thank you for that. I'll certainly take that under advisement.

**Mr. Marchese:** I'm trying to be helpful, because I'm worried about your being struck.

Hon. Mr. Bentley: I really do appreciate that.

Mr. Bob Delaney (Mississauga West): Would being struck in that way be equivalent to a collision?

Mr. Marchese: I know we have a friendly member there, Mr. Delaney, who taught at Ryerson, I think, which is now a university. He would be a very strong supporter of this. I know that he is trying very hard to make sure that Bill 13, my bill, An Act to amend the Colleges Collective Bargaining Act with respect to parttime staff, which allows them to organize, gets passed. I've got support from Bob Delaney; I'm convinced of it.

**Mr. Delaney:** You may want to wait for a statement from the member on that one.

**Mr. Marchese:** Okay. So maybe we don't even have his own support.

I just continue to be worried about you, Minister, being stuck in the past and not being able to move forward, which is what you guys want to talk about all the time. With respect to this, just to let it die, you don't want to deal with this.

Hon. Mr. Bentley: We're concentrating on the Reaching Higher investments. I am struck by the experience that all parties have had in the past in colleges, and the fact that it's been in existence for so long, and that even your party didn't move it forward when it had legislation. But as I say, I'm concentrating on the investments that we're making to support all in colleges.

Mr. Marchese: Okay, sure. I have to say I'm worried about you—

Hon. Mr. Bentley: Thank you for that. I appreciate that.

Mr. Marchese: —because when you're stuck so much in the past and not able to move forward—I've seen that repeatedly through three questions I've asked. I'm going to stop now because repetition would be hurtful to you and to me, so we'll just leave it alone and move on.

Hon. Mr. Bentley: Thank you.

Mr. Marchese: It's my pleasure to help you.

What is the total amount of government-guaranteed loan debt held by Ontario students currently?

Hon. Mr. Bentley: We're just getting that number for you.

Mr. Marchese: It would be helpful to have a comparison.

**Hon. Mr. Bentley:** Okay. I understand that we don't have that number right now but we can get that for you. And you were saying you'd like a comparison?

**Mr. Marchese:** Yes. If we could get numbers for 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06, that would be helpful. Can we get that?

**Hon. Mr. Bentley:** We'll certainly check, and if it's available, and I would think it should be—it is. So we will get it.

Mr. Marchese: Thank you very much.

Do you know what it is projected to be on an annual basis with the new investments announced through the Reaching Higher plan?

Hon. Mr. Bentley: I don't have that. I'm not aware whether we've done a projection.

Mr. Marchese: Deputy, do you do projections?

**Mr. Philip Steenkamp:** Ministry staff will have done a projection. We can get that information for you, member.

Mr. Marchese: Thank you very much.

How much does the Ontario government spend annually to pay the in-study interest on student loans? To the minister or deputy, whoever has the answer.

**Hon. Mr. Bentley:** In 2005-06, the number is \$20,460,131.

**Mr. Marchese:** And for 2006-07—we don't have that yet, do we?

Hon. Mr. Bentley: No, because we're still paying the interest.

Mr. Marchese: Of course.

**Hon. Mr. Bentley:** So it will depend on what the uptake is and how much of it is grants and the like.

**Mr. Marchese:** What is the total amount of tuition fees paid by Ontario university students in 2005-06?

Hon. Mr. Bentley: We can give you that number.

**Mr. Marchese:** And if we have the number for what they're expected to pay in 2006-07, that would be helpful.

Hon. Mr. Bentley: Okay.

**Mr. Marchese:** And if you could speak to what kind of data you're using to answer that question, that would be helpful too.

**Hon. Mr. Bentley:** We're getting the 2005-06 number.

**Mr. Marchese:** Great. By the way, I'm looking for the same information for college students, as you're doing that.

Hon. Mr. Bentley: Sure. We'll find it.

**Mr. Marchese:** Should I wait or should we move on? **Hon. Mr. Bentley:** We can move on, and as soon as

she finds it, then we'll provide it to you.

**Mr. Marchese:** How much is the government spending on the Ontario first-generation student bursaries?

**Hon. Mr. Bentley:** That's \$1 million a year.

Mr. Marchese: So \$1 million?

**Hon. Mr. Bentley:** Yes. The bursaries are in addition, as you know, to the upfront tuition grants and in addition to any institutional aid that's provided.

**Mr. Marchese:** So how many of these bursaries have been given to students so far this year?

Hon. Mr. Bentley: We just launched the program. I don't think we have the data yet for this year. My understanding is that they disbursed the full amount of the first-gen bursaries in 2005-06. I don't have the number of students that it assisted.

**Mr. Marchese:** So for this year, 2006-07, it's \$1 million?

Hon. Mr. Bentley: Right.

Mr. Marchese: And last year?

Hon. Mr. Bentley: It was \$1 million. I thought you meant the number of students.

Mr. Marchese: Yes, you're quite right. I did ask how much is the government spending on the Ontario first generation; you said \$1 million. How many of these

bursaries have been given to students so far this year? We don't have the number, right?

Hon. Mr. Bentley: It's \$1 million disbursed to the institutions.

Mr. Marchese: But do we have a-

**Hon. Mr. Bentley:** I don't have the information on how it's been disbursed or is being disbursed.

Mr. Marchese: Is that available? Could we get it?

**Hon. Mr. Bentley:** I think it's available for 2005-06. I suspect it won't be available for awhile for 2006-07, because we're in-year.

Mr. Marchese: If we could get that, Deputy, I'd appreciate it.

So the total amount of the Ontario first-generation student bursaries that is in the students' hands so far—it was \$1 million last year, but so far for this year we don't know because we have to wait, or do we have a number in terms of what it is this year?

Hon. Mr. Bentley: The process is that we provide it to the student aid offices in the different institutions and they disburse it, though how they disburse it and in what way they disburse it may vary from institution to institution.

Mr. Marchese: I understand that. You told me that last year it was \$1 million—so you know that—for the Ontario first-generation students.

**Hon. Mr. Bentley:** The amount is the same, but how many students it actually affects or is disbursed to will change. The amount is exactly the same.

**Mr. Marchese:** But in terms of the number for this year, we don't know. It's disbursed by the student aid services.

**Hon. Mr. Bentley:** Yes. The number of individual students may vary, but the total amount is \$1 million, and that's in addition to the extra \$5 million for individual projects.

**Mr. Marchese:** Sure. I got that. The deputy is going to get us that information, he said. Thank you.

How much is the government spending—by the way, with respect to the other questions, should I go back to them?

**Hon. Mr. Bentley:** As soon as they get it, we're going to provide it to you.

Mr. Marchese: As they get them, okay.

How much is the government spending on programs run by colleges, universities and community organizations that will help potential first-generation students?

Hon. Mr. Bentley: That's the \$5 million for this year.
Mr. Marchese: So that's \$5 million going to the colleges and universities—

Hon. Mr. Bentley: That's the \$5 million for projects such as the SCOrE program at Seneca College, the Pathways program that we funded and made an announcement about several weeks ago. There are a number of different initiatives—some community-based, some institution-based—to encourage more first-generation students to come to college or university, or to assist their success when they're there.

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**Mr. Marchese:** So you don't know how many grants that \$5 million would fund, because it will vary, presumably, based on whatever they submit to you by way of proposals. Is that—

Hon. Mr. Bentley: Sorry, how many grants the \$5 million will fund?

Mr. Marchese: Yes.

**Hon. Mr. Bentley:** Most of it has been disbursed, and we can provide you with a list of where it has been disbursed to.

**Mr. Marchese:** That's great. I would like to see that once you have it. That would be helpful. When do you think that might be available? Do you know? Does that end at some point, in terms of finality?

**Hon. Mr. Bentley:** We've still got some money to disburse from that. We're still reviewing some potential projects. So I would think within a month or six weeks. That's for the 2006-07.

Mr. Marchese: Okay. Thank you.

How much money is being granted to Ontario students by the Canada Millennium Scholarships Foundation this year?

**Hon. Mr. Bentley:** For 2006-07?

**Mr. Marchese:** This year and last year. That would be helpful.

Hon. Mr. Bentley: It's \$130 million for 2006-07. Do we have the 2005-06 number? The same.

**Mr. Marchese:** We would have the number since it was established, wouldn't we? I don't need it now, so if you could just send me that information as soon as you can, that would be helpful.

What arrangements, if any, has the Ontario government made with the foundation for future spending?

Hon. Mr. Bentley: Can you clarify the question?

**Mr. Marchese:** Is the future spending going to be \$130 million? Is it going to be different?

**Hon. Mr. Bentley:** It will be \$130 million for the program.

Mr. Marchese: Until 2009?

Hon. Mr. Bentley: That's my understanding, yes.

Mr. Marchese: So \$130 million until 2009.

I'm assuming there are no detailed reports that I need to consider or worry about. There are no detailed reports. Is that correct, Deputy? There are none.

Minister, this program is going to end in 2009. Are you worried?

Hon. Mr. Bentley: I'm hoping it's not going to end. I'm hoping the federal government is going to continue their obligation to ensure that they participate in the support of students who need support for post-secondary institutions, not only anticipating, but the government of Ontario is joining other governments in making sure that the federal government is aware of how important this program really is.

**Mr. Marchese:** Have you corresponded with them to this effect, or are we waiting until 2009 to come about?

**Hon. Mr. Bentley:** No, we've let the federal government know how important this is in a number of different ways.

Mr. Marchese: Letters-

**Hon. Mr. Bentley:** CMEC has let the federal government know. There have been contacts between officials.

Mr. Marchese: It is a worrisome thing, I would imagine.

**Hon. Mr. Bentley:** Absolutely. We have a number of financial issues with the federal government.

Mr. Marchese: We always have, haven't we? With all governments.

There has been a lot of government effort to promote the student access guarantee. Some students who cannot afford high tuition fees, especially tuition fees that are also going up in the next four years, have been calling us as well, because they worry about how to continue to pay for their studies. In what way can these students avail themselves of the student access guarantee?

Hon. Mr. Bentley: The first thing that we're going to encourage all students to do is apply through the Ontario student assistance program. We would like that to be the first entry point, to make sure that if they qualify for even a dollar of government assistance, they use that. As you probably know, many institutions use OSAP as an entry point. From there, they will be able to either go through OSAP or, of course, go directly to the financial assistance offices at a college or university. Then, at the end of that process, if there are still issues, that's when we have to make sure that no student is being denied access because they have some financial barriers that don't allow them to access money for their tuition, books and mandatory fees.

**Mr. Marchese:** How much money do you plan to spend to fund the student access guarantee this year to ensure that no student has to leave university for financial reasons?

Hon. Mr. Bentley: We're making substantial investments in student assistance. The point of increasing the number of upfront tuition grants, the point of increasing student financial assistance and doubling the budget over five years is to make sure that the government of Ontario is very firmly there to support students who need access to funds. Of course that goes beyond just tuition, books and mandatory fees. What we're doing this year, which is substantially different than in the past, is requiring the institutions to directly link issues such as tuition increases to access by participating in the student access guarantee. We essentially say to an institution that it's not enough just to have assistance programs; we've got to make sure that the decision to increase tuition does not, in and of itself, deny access to students who would heretofore have been able to access post-secondary education.

So it is an evolutionary process, and we're putting this together.

The Vice-Chair: You have a couple of minutes on this round.

Mr. Marchese: Thank you. So we really can't pinpoint a number in terms of what this fund will be to

make sure that the student access guarantee—is there a number attached to this or are you saying institutions are going to have to do this? We're also giving loans and grants and so on. Is it just a general thing or is there something specific that you can talk about?

**Hon. Mr. Bentley:** No, no, it's a combination of the resources that the government of Ontario is devoting to student assistance and the resources that institutions need

to devote to student-

**Mr. Marchese:** Is there a number or do we just simply say they need to commit resources? Is there a fund?

**Hon. Mr. Bentley:** Well, it's a combination of the OSAP assistance, including grants and interest-free loans, a combination of the money set aside that the institutions have traditionally had and additional obligations that they will incur if they increase tuition and that, by itself, denies students access.

**Mr.** Marchese: So there is no number? Deputy, are you aware of any number or it's just very—I see, no number.

**Hon. Mr. Bentley:** No, we don't have a number. I think one of the things we're trying to achieve is a sense of how tuition increases affect access for students above and beyond anything that exists, because we're determined to make sure they get in.

**Mr. Marchese:** Do you have any report, detailed or otherwise, on spending for the student access guarantee?

Hon. Mr. Bentley: No. As I say, the student access guarantee is an obligation that institutions have when they make the decision to increase tuition. It's an obligation to ensure that their act of increasing tuition doesn't deny access to students.

Mr. Marchese: I understand. Thank you.

**The Vice-Chair:** That finishes up the round with Mr. Marchese. We'll now go to the government.

Mr. Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr. Chairman, we're going to stand down our 20 minutes. I think the scheduling is such that with some cooperation we can stay on schedule for our estimates committee. So we'll stand down this 20-minute round in the interest of the opposition.

The Vice-Chair: Thank you very much. To the official opposition, Mr. Wilson.

Mr. Jim Wilson (Simcoe-Grey): Thank you, Minister, for appearing. I'm having a problem following on what Mr. Marchese was talking about in terms of the student access guarantee and following on our exchange last week at estimates. You keep correcting me, but I'm pretty sure that your program isn't substantially different than the previous government in that when we deregulated tuition fees, we also told colleges and universities that they have to set aside—I think it was up to 25% of that new money—25% of the increase in tuition fees to make sure that students were guaranteed access, and we put it that every qualified student be guaranteed access.

First of all, is this the first year of the student access guarantee and, secondly, how is it substantially different than what was supposed to be the practice in the past?

Hon. Mr. Bentley: This is the first year of the guarantee. What happened in the past-you're quite right—is that there was a set-aside obligation for institutions. Students who were in need of financial resources would be able to go to the institution and access what was available, but there was no direct relationship between the decision to increase tuition and the access obligations of the institution beyond the amount of the set-aside. What we've done is taken the next step. We have said, "Against the backdrop of government assistance, you obviously have institutional assistance available. By your decision to increase tuition, you may be going beyond the assistance that's available at the institution. You may create need beyond the assistance available at the institution. That's an obligation that you're taking onto yourself." 1550

So we're directly tying the decision to increase tuition to the access issue through this guarantee. We're saying we're going to make sure that the institutions and government stand behind that guarantee. Obviously, we don't know its amount or how it will come to fruition in the first year, because we're developing it, but we're determined that decisions to increase tuition will not deny students access to programs they would have been able to access otherwise.

Mr. Wilson: Mr. Marchese tried to get the figure, but you must have some guesstimate on how many additional dollars you might have to put into this so-called new program. It's had several press releases. They're about that thick, an inch thick when you pile them all up, the last one I read being September 6 of this year.

Other than being better communicators perhaps than the previous government with respect to access, how many students do you expect will be falling under a student access guarantee or needing the additional support of the state beyond what the school can provide?

Hon. Mr. Bentley: It may well be that, through the government assistance programs and the institutional assistance programs, there won't be students falling through the cracks, and that's the whole point of it. It creates an obligation on the institution, which may well go beyond the amount they have put aside or set aside for institutional assistance, and that's the point.

Mr. Wilson: But then if they do that, this really isn't a program. What do they do? They then must have to turn down the student if there's not enough money. Say, hypothetically, they exhaust all their bursaries and the student doesn't qualify for OSAP because it's largely based on parental income—take your worst-case scenario. How do you actually guarantee that? Do they then write you at the end of the day and say, "The university says it has no money for me, and yet I'm qualified academically"?

Hon. Mr. Bentley: I think the central point is that when decisions are made to increase tuition, what they've generated under previous programs—and you made reference to some under the previous government—is an obligation to set aside a certain amount of money, and

out of that money, students would access funds to improve their ability to fund post-secondary education. What we're saying is that you may well have an obligation beyond that, depending on how and in what way you increase tuition fees. So the decision to increase tuition fees directly creates an obligation which may well be beyond a percentage of the tuition fee revenue.

**Mr. Wilson:** Where does the institution get the money if it's beyond the tuition fee revenue, which makes up about 44%, I guess, of universities and colleges now?

Hon. Mr. Bentley: No, that doesn't net out—Mr. Wilson: Then I'll ask you later about it.

Hon. Mr. Bentley: The institution has to take that into consideration in the decision to increase tuition fees. Is it able to support the access issues it will be creating through increasing tuition fees? In other words, all of the obligation cannot come back onto the government through institutional decisions to increase tuition fees. We have to directly measure how that's going to affect access.

**Mr.** Wilson: Have you lowered tuition fees since coming to office?

**Hon. Mr. Bentley:** We froze them for two years for the first time that I could find in the record books.

**Mr. Wilson:** As I said last week, I thought that was kind of unfair; perhaps, for a couple of classes, but then the rest have to pick up the tab. What has been the average since the freeze came off and what are your projections in the future for increases in tuition fees?

Hon. Mr. Bentley: Just to be clear, we funded the tuition freeze not only for the two years but for the future, so the issue you raise actually won't happen. We're funding, I think, to the tune of \$110 million a year, every year, from now till eternity, to make sure that there wouldn't be a catch-up by institutions by its coming off.

The question that you asked—just give it to me again—what is the average increase? I think the average they were allowed to increase, the maximum institutional average, was 5%. I don't think the institutions have taken up their maximum amount of room on the average, so they wouldn't be hitting the 5% institutional average; somewhat less than that. I don't have the exact number in front of me.

Mr. Wilson: Is that the rule overall? That includes all

Hon. Mr. Bentley: That's right. The institutional average can't be—

Mr. Wilson: You capped it at 5%.

Hon. Mr. Bentley: —more than 5%. As you know, for most first-year programs it's 4.5%; for undergrad programs in the continuing years it's 4%; for what were formerly the deregulated, more high-fee programs, the first-year maximum is 8%; and for every subsequent year it's a maximum of 4%. The bottom line is that 90% of college students will see an increase of about \$100 or less this year and about 70% of university students an increase of less than \$200.

Mr. Wilson: Were you able to do anything in terms of the—I had medical students come to see me again

recently, and they're very concerned. They want to be doctors. We did deregulate it, and that sent tuition fees quite high. Have you been able to do anything special for some of those higher-end programs that are costing students very high tuition fees?

**Hon. Mr. Bentley:** I'll get to that question, because I just found the number: 4.6% was the average increase for Ontario universities, according to a StatsCan annual report published in September 2006.

With respect to medical school or other high-cost program increases, I think there are a couple of things. First of all, the increase in the maximum amount of OSAP that is available for students, as I said just the other day, is going from \$9,300 to \$11,900 a year. We'll certainly assist the funding of the Ontario Trust for Student Support to the extent of \$50 million a year. Specifically for med students, the substantial financial support that we provided to the operating side of the new med spaces—all of the spaces that have been created since I believe 2000-01—we increased the operating support from I think \$21 million or \$22 million to \$49 million in two stages. That took a substantial pressure off med schools. So I think you'll find across the province that their increases this year were, for the most part, relatively small. There might have been one or two that were zero; there were one or two others that were 2%.

**Mr. Wilson:** But they were complaining for a long time that they were just too high. I was reading this morning that some of these young people will have up to \$100,000 worth of debt by the time they get to their clerk year.

Hon. Mr. Bentley: I think that's something we have to be mindful of and continue to watch through the access guarantee and the continued integration or better working of the government and institutional assistance programs. I expect that through the research that the Higher Education Quality Council of Ontario will conduct, we'll get a better sense of how high fees in certain programs are really affecting access to those programs by persons in different groups. I think that's something we need to watch, and watch very closely.

**Mr. Wilson:** How many students are denied OSAP each year? Do we have a statistic on that? We must.

Hon. Mr. Bentley: I think we probably will. There are approximately 200,000 students who actually receive OSAP of some description every year. We'll just come up with the denial rate for you.

**Mr. Wilson:** While you're looking for that, how many students would be denied access to college or university in a given year?

Hon. Mr. Bentley: I think that's one of the things we need to get a better handle on. In the past, what happened was that some students applied for OSAP and had that processed, some students applied directly to institutions, and some went back and forth. But some didn't make it back and forth, in part because they weren't entirely sure what was available out there. One of the things that we're trying to get a hold of is, where do students end up if they receive a no at one of the doors, and what are their

specific financial circumstances? We need to make sure that we have a handle on that number—if you can get a handle on the number—so we can then better direct the aid programs to the specific students.

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Can I just give you one example? I don't want to take up your time, but let me just give you one example. We found, with the participation rate generally in university and college programs, the participation increased with income but it flattened out in the \$60,000, \$65,000 area and then it went up again by about \$70,000. That's why we extended the access grants to families with incomes up to \$75,000, because we wanted to make sure there was more assistance and more of it in grants for those students from families where the participation rate was actually flattening out, so that they had the income so they wouldn't be denied access. If we can come up with those numbers—and we expect to; student assistance and access issues are part of the reporting—I think we'll be able to better target the programs.

Mr. Wilson: I ask because I'm serious about it, but also because for years in opposition, you guys accused us of denying students access to college or university. Mr. Harris on several occasions in the Legislature said, "Bring me the student who's being denied access." Now you tell me you don't even have any statistics, so how in the world did you make that up in opposition, then? Where are all these students we denied access to over the years, that we used to get blamed for? We had you guys supporting them on the front lawn of the Legislature.

Hon. Mr. Bentley: I could simply say I wasn't there, but I won't say that. I think it would be fair to say that we should always be concerned about the cost of university and college programs and whether students are being denied access. When the upfront tuition grants were eliminated in 1993, it was said by many that that was an access issue, and that to ensure that the lowest-income students or students from the lowest-income families actually had access, you needed to restore those, so we did.

We've seen some reports over the years which have suggested, depending on the methodology, that we need to be concerned about the high-cost programs and whether students from modest or middle-income families are getting full access. I think that's something we're determined to continue to monitor—and do more than monitor—to make sure that when we identify an access issue, we can move proactively. Behind the student access guarantee, that's the theory. You have a government program and an institutional program. They should work together. At the end of the day, we should make sure that just that very issue you've alluded to does not happen, that there aren't students out there wanting for admission because they can't find the money for their tuition books and mandatory fees.

Can I just correct—you indicated the denial rate. We have the number—

Mr. Wilson: I don't know what the denial rate is.

**Hon. Mr. Bentley:** No, you were asking me, I think. We have, hot off the press: in 2005-06, 188,359 students received OSAP; 20,169 did not qualify for OSAP. A total of 208,528 applied, so 90.3% of the applicants actually qualified.

Mr. Wilson: You alluded to this recently in your comments, but of the 20,169 who didn't qualify, is there any way of tracking those to see whether they actually did eventually get into school through some other financial means?

**Hon. Mr. Bentley:** Not to my knowledge at the moment. We don't know how many of those students ended up at the student financial aid offices in the different institutions to benefit from institutional programs, because there hasn't been a tie between the governmental program and the institutional program. I think the tie will be much better in the future.

Mr. Wilson: Well, that's the problem I have. How is the tie much better? In the past, we've asked schools to tell us their stories. Are you taking new statistics of people who are—vou accused us in the past of denying students access but nobody has any statistics on who was denied access. When we asked in the Legislature to bring forward the names of students who were denied financial access in the past—of course, you weren't here but I was-nobody came forward. In my 16 years, I've only had a handful of students come to me who needed financial assistance that they couldn't find otherwise. It's mainly because they couldn't navigate their way through the programs very well, but I always managed to find them something, even if it took a call to the bursary department or to the registrar's office to get them a bursary.

I just wonder, how are you going to know that your student access guarantee is working any better than in the past, when we didn't really know who was denied or how many were denied in the past? I can't find any stats on it.

Hon. Mr. Bentley: I think that's one of the big challenges on what happened in the past. Decisions were made, for a number of reasons, to increase tuition fees. The student aid programs that the government provided did not increase the amount of assistance available—

**Mr. Wilson:** But they did. They had to set aside 25%, I think it was, of the increase—

**Hon. Mr. Bentley:** No. The institutions had to set aside an amount of money, but the government—

**Mr. Wilson:** —to make that money available to students for financial aid.

Hon. Mr. Bentley: Right. But the government aid programs—the OSAP programs; they weren't grants—did not increase the amount of assistance available. We didn't have a sense of how many students, as you say, would apply to OSAP and then not get any money or not have enough money and make the decision to go on. We do, I think, all agree—I would hope so—that as you increase the price of something, fewer people are going to be able to access it, depending on what the item is, depending on what the price is, depending on what other sources of income there might be. What you have to

make sure of is that as you're increasing the price, you have the type of assistance that's available for the students from low and modest incomes to actually get in. That's why we've increased the budget.

One of the things the access guarantee will do—and I'll just quickly finish this—and our tying of the aid programs between the government and the institutions will do is, we'll be able to quantify the number of students that are going from one to the other. We'll be able to quantify the number of students who end up at the end of the process and say, "I don't have the money." Then we should be able to quantify the issues which are presented. And if, as you have suggested in the past, there weren't issues, that's a good news story for all of us. But if there are issues, then we'll be able to quickly deal with them.

**Mr. Wilson:** I certainly agree with you that you'll get diminishing returns if prices are too high, tuitions are too high, but did we not see an increase of applicants to our professional schools—for instance, medical school—even as tuition rose over the last five years?

Hon. Mr. Bentley: I think that's a fair point. The number of applicants to professional schools seems to continually go up—you've mentioned medicine, or law. It seems to continually go up. There are some suggestions that the income level of the applicants—and I'm not making this suggestion myself—has also gone up, that the income level of the applicants who are able to get in has also gone up. There are others that refute that. And there are a number of different institutional programs, let's be fair, that have increased substantially over the years to support students from low and modest incomes. What we're determined to make sure of is that students from whatever income—and I know you would share this position; I anticipate you will—

**Mr. Wilson:** I was one of those students you're about to refer to; I didn't have any money.

**Hon. Mr. Bentley:** —from whatever income should be able to get in. And we want to make sure that they're properly supported with financial resources if they don't have them themselves. That's the goal of this whole process. We don't want to miss anybody.

**The Vice-Chair:** Okay, that rounds up this 20 minutes for the official opposition. To the third party now.

**Mr. Marchese:** I just wondered whether we have the answers to the previous questions.

**Hon. Mr. Bentley:** Okay. With respect to the first-generation bursary question—

**Mr. Marchese:** What is the total amount of tuition fees paid by Ontario university students in 2005-06?

Hon. Mr. Bentley: We'll get you that one in two seconds. Do you want me to answer the first-generation bursary question or do you want me to just give that to you?

**Mr. Marchese:** I'm just trying to find where that question is. Give it to me anyway; I'll write it down.

**Hon. Mr. Bentley:** Or I can report it to you after. Thirty-six of 47 institutions have reported their 2005-06 first-gen bursary results. These institutions reported that

417 bursaries have been given out. These institutions had \$700,000 of the \$1 million that was allocated. They apparently also added \$265,000 of institutional aid for the students. We expect that over the next month or two the rest of the institutions will report their 2005-06 bursary results.

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With respect to the tuition revenue anticipated by universities in 2005-06—

**Mr. Marchese:** Yes. What is the total amount of tuition fees paid by Ontario university students in 2005-06 and the total amount that Ontario university students are expected to pay in 2006-07?

**Hon. Mr. Bentley:** I don't have 2006-07; I have 2005-06. It's \$1.961 million. Is that right?

Mr. Marchese: Of tuition fees? It's billion.

**Hon. Mr. Bentley:** That's right, yes: \$1.961 billion, thank you. And college tuition fees—and these exclude the ancillary fees—are \$558.4 million. That's not net of student aid.

Mr. Marchese: Not?

Hon. Mr. Bentley: That's not net of student assistance.

**Mr. Marchese:** For next year, as soon as you get that number, can you just send it to us, please?

Hon. Mr. Bentley: Sure.

Mr. Marchese: What data are you using to get this information? How do you get it?

Hon. Mr. Bentley: How do we get it?

Mr. Marchese: Yes.

Mr. Steenkamp: The institutions.

**Hon. Mr. Bentley:** The institutions provide the information to us.

**Mr. Marchese:** Is that information audited, by any chance?

**Hon. Mr. Bentley:** Do you know what? My assumption would be yes, because as you read out the other day, there are so many reports that the institutions are required to provide—

Mr. Marchese: You remember that, eh?

Hon. Mr. Bentley: —and many of them are required to have them prepared, if not by—they're either fully audited or they are the next stage to audited reports. If I come up with any information that's different, I'll let you know.

Mr. Marchese: That's exactly what I was going to say.

Hon. Mr. Bentley: I thought you might.

Mr. Marchese: Because either they are or they aren't, and if they aren't, you'll know, and then you'll tell us.

**Hon. Mr. Bentley:** Absolutely. I'm told that they are audited statements.

**Mr. Marchese:** Then that's all we need to know. So that's the case: They're audited.

**Hon. Mr. Bentley:** The answer is that the statements are audited each year. This number is pending audit, but they will be audited.

Mr. Marchese: Very good. Okay.

You claimed that 60,000 students qualified for student grants this year, although I think that the number varies, possibly. It is 60,000, or is it more, less?

Hon. Mr. Bentley: We have 60,000 students-

Mr. Marchese: This year.

**Hon. Mr. Bentley:** —who will qualify; or there are enough grants for 60,000 students to qualify for this year, yes.

Mr. Marchese: Okay. Do we know the average

amount of the grant?

**Hon. Mr. Bentley:** We do. It will probably be based on prior years' results, because we're still in the process of the grant system at the moment.

**Mr. Marchese:** Sure. We've got 2005-06, obviously, and we're looking for that. Okay. While you look for that, what was the smallest amount disbursed to an applicant?

**Hon. Mr. Bentley:** These are the up-front tuition grants you're talking about, not the grants that cancel any repayable assistance from \$7,000 up to \$11,900?

Mr. Marchese: That's right: The up-front. Exactly.

**Hon. Mr. Bentley:** Another 60,000 separate students qualify for those. Some qualify for both.

**Mr. Marchese:** Okay. So if you have the smallest amount disbursed to an applicant, that would be helpful.

**Hon. Mr. Bentley:** I suspect we're going to have 2005-06 numbers, but when we come up with it, we'll let you know. If not today, we'll make sure you get it.

**Mr. Marchese:** Of the 60,000 students who received grants, how many received less than \$1,000, and how many received grants less than \$500?

**Hon. Mr. Bentley:** The 60,000 grants that are available to students this September won't finally be disbursed, I suspect, for some period of time.

Mr. Marchese: But you'll have last year's.

**Hon. Mr. Bentley:** We'll have last year's, and last year there were 32,000 that we made available.

**Mr. Marchese:** Sorry. The question was: Of 60,000 students who received grants, how many received less than 1,000?

Hon. Mr. Bentley: I gotcha.

Mr. Marchese: So that's 32,000?

Hon. Mr. Bentley: No. no.

Mr. Marchese: Ah.

**Hon. Mr. Bentley:** At one point, you were talking about the number of students receiving grants, and you made reference to last year. Last year, there were only 32,000 grants available in total. This year, we've increased that to 60,000.

Mr. Marchese: Right. So in 2005-06, 32,000—

Hon. Mr. Bentley: —in total were available.

Mr. Marchese: Right. Okay.

**Hon. Mr. Bentley:** Do you want to know from last year?

**Mr. Marchese:** Well, obviously, you only have that. You only have last year's, is that correct?

**Hon. Mr. Bentley:** Yes. You want to know how many were less than \$1,000?

**Mr. Marchese:** That's right. What was the smallest amount disbursed to an applicant—was it \$100, \$150?—and of the 60,000 students who received grants, how many received less than \$1,000—

Hon. Mr. Bentley: Okay. We'll get the information.
Mr. Marchese: —and received less than 500 bucks as well.

**Hon. Mr. Bentley:** I'll provide you with what we have. Why don't I do that?

**Mr. Marchese:** Well, what you have might be that you don't have the numbers, based on what I'm asking, so that would be complicato. See, I think you would have access to these figures, and I don't.

Hon. Mr. Bentley: If we have access to the figures, I'll give them to you. I know we'd have the total money that was expended. I'm not sure what we have by way of breakdown of individuals. Whatever we have, you're going to have.

Mr. Marchese: Sure, and I appreciate that. Here's my sense, Minister: I am anticipating that I will get just the large number, and we're not going to get too much of a breakdown. I anticipate that happening. I am interested in knowing this because, you see, I suspect a whole lot of students are not getting a whole lot. You have those numbers; you must.

Hon. Mr. Bentley: It looks like we can get it broken down, so we're going to do our best for you.

Mr. Marchese: Okay. Thank you. How many students applied for and received some form of loan under OSAP?

**Hon. Mr. Bentley:** You might have just been away. There were 208,000 students who applied for OSAP. Last year, 188,000 qualified.

Mr. Marchese: How many, sorry?

**Hon. Mr. Bentley:** Last year, 208,000 applied; 188,000 received, so 20,000 did not. There were some—I rounded them off.

**Mr. Marchese:** Okay. You're right: I was at the back, talking to my assistant. What's the percentage of the students receiving grants with their loans compared to the number of students just receiving loans?

**Hon. Mr. Bentley:** We'll find that for you. It will be based on 2005-06 or the most recent year that we have the information on. I'm assuming that's 2005-06.

**Mr. Marchese:** Yeah. I'm always interested to know the 2006-07 numbers, because at some point soon you will have that too. So if I make a request for 2005-06, it's good to get it for 2006-07 as well.

**Hon. Mr. Bentley:** If I have it; my experience, limited though it is, is that that takes longer to come in, because you usually wait until the January term has begun. But if we have it, you can have it.

**Mr. Marchese:** If we get it before the election, that would be great—or before the next budget announcement. That would be helpful.

Hon. Mr. Bentley: Very good.

Mr. Marchese: The big one in March or April.

OSAP expects a parental contribution to postsecondary costs, which is deducted from the OSAP loan. What percentage of OSAP applicants had some form of parental contribution deducted in 2005-06?

Hon. Mr. Bentley: We'll check if we've got that information. I was very pleased that we had reduced the amount of the parental contribution as one of our OSAP improvements last year. I think for a family of about \$75,000 in income, the amount of expected parental contribution went from approximately \$4,400 down to \$2,200. But you were asking about the percentage, so we'll go back and check and see if we've got that information

**Mr. Marchese:** Thank you. What percentage of OSAP applicants had a parental contribution deduction of more than \$10,000?

Hon. Mr. Bentley: If we've got it, we'll provide it.

**Mr. Marchese:** Thank you. Are you keeping any statistics on whether these OSAP applicants are actually receiving the amounts OSAP decides are appropriate parental contributions?

**Hon. Mr. Bentley:** Not to my knowledge. In other words, do we track, go and ask the parents?

Mr. Marchese: Yes.

**Hon. Mr. Bentley:** Not to my knowledge.

**Mr. Marchese:** There would have to be a way of our knowing, though. You would want to know that or need to know that, wouldn't you?

**Hon. Mr. Bentley:** I think it would be interesting information to have. I'm not sure how you would figure it out without actually speaking to everyone.

**Mr. Marchese:** It's just that my sense is that you would be keeping track of that as part of your commitment to ensure accessibility, right? So that tracking would be—

Hon. Mr. Bentley: What we would like to do is make sure that the students get in. I think there are some things that you can keep track of and some things that you can't. The system has developed over many years. It was in existence—you would know—when the NDP were in power, it was in existence when the Liberals were in in the 1980s, and for decades the parents have always been expected to make a contribution for students—

Mr. Marchese: Yes, I understand that.

**Hon. Mr. Bentley:** —and up to a certain number of years. We actually reduced the number of years it took before you became independent, from five to four, and decreased the amount of expected parental contribution. To my knowledge, we don't have the information that you were asking about.

**Mr. Marchese:** So if you don't keep stats, are you going to decide whether tracking is useful or not, or are you not going to do any tracking in this regard? That's what I want to know.

**Hon. Mr. Bentley:** Our tracking is based on trying to make sure that students get in.

**Mr. Marchese:** I know, but on this specific question, are you keeping any stats of—

Hon. Mr. Bentley: I'll take your suggestion under advisement. I think what you want to track are the

results: Are students actually getting in? They may have many different sources of income. The OSAP has used some calculations of parental contribution over the years, and if the advice from you and others is that that's not what OSAP should be taking into consideration, I'll certainly take your advice on that.

Mr. Marchese: No. My point was that OSAP applicants—do they actually receive the amount that OSAP decides is an appropriate parental contribution? We don't know whether that happens or not, so I would think that you would be interested in making sure that that is happening, and if it's not happening, you would want to know. That's all.

Hon. Mr. Bentley: I certainly want to make sure that students who are qualified get in and are not denied access by reason of financial barriers. As you'd know, the OSAP calculation is both a federal and a provincial program.

**Mr.** Marchese: Yes, I understand that. I wasn't asking that. This is very specific, actually. But obviously you're not going to track.

Just to talk about some public accounts numbers from public accounts in 2005 and 2006: The budget in 2006 from the Ministry of TCU was \$4.819 billion, the actual in 2006 for TCU is \$4.714 billion, and the difference is \$105 million. The question is, why was \$105 million less than what was budgeted actually spent on post-secondary education and training?

Hon. Mr. Bentley: Sorry—from public accounts in what year? In 2005-06?

**Mr. Marchese:** Yes, from public accounts 2005-06, the budget in 2006 is listed as \$4.819 billion and the actual in 2006 is \$4.714 billion, which says there's a discrepancy of \$105 million. So the question is, why was \$105 million less than what was budgeted actually spent?

Hon. Mr. Bentley: I think that was a combination number of training and post-secondary expenditures. I think there were a number of different line items within the training area in which the amount of money expended was less than anticipated; for example, the money the federal government spends for seat purchases for apprenticeship training. I know there have traditionally been the Canada study grants that they've allocated \$60 million for over the years, and the expenditure on Canada study grants has traditionally been about \$18 million less. That's a federally mandated program, and you can't qualify for those grants unless you comply with the terms of the program. So we can't just hand the money out. It's not a straight transfer; it's program-directed. Those would be two areas that—

Mr. Marchese: Sorry, the Canada study grants is how much again?

**Hon. Mr. Bentley:** Traditionally, they've expended about \$18 million less—these are federally provided grants—than they have budgeted for.

Mr. Marchese: And the other major one was what,

Hon. Mr. Bentley: I'm anticipating within that number that training seat purchases—that's the money

the federal government provides to provide different levels of apprenticeship in-class training. It tends to be less than they allocate. For example, in a hot construction market, the apprentices may not get release time to go and do their in-class training—

Mr. Marchese: Okay. So—

Hon. Mr. Bentley: —and the money is directly for that. And, if I could, the anticipated funding requirement for the student support branch for bad debt provision was less than anticipated—and then TVO was transferred to education, as well.

**Mr. Marchese:** Could I just request, Deputy, that you send me that information? I would be very happy to just have it.

Hon. Mr. Bentley: Sure.

Mr. Marchese: I'm trying to take notes here. It would just be helpful to get that information. Thank you so much.

Hon. Mr. Bentley: I think I got most of them, though.
Mr. Marchese: It sounds like it, but once I get it in
my two little hands, I'll be able to add it all up.

There are some discrepancies in spending for student financial support as well. I'm sure you'll have an explanation, but—

**Hon. Mr. Bentley:** Can you just direct me to the page?

Mr. Marchese: I don't have the page. I just have the numbers.

Hon. Mr. Bentley: Is this 2005-06-

Mr. Marchese: Yes.

Hon. Mr. Bentley: —or 2006-07?

Mr. Marchese: Yes.

Hon. Mr. Bentley: It's 2005-06?

Mr. Marchese: Let me just read them for you. Your government committed to a \$192-million increase in student financial assistance funding in 2005-06. The estimates for 2005-06 demonstrate only a \$109-million change in student support from the previous year. What happened to the other \$83 million that was promised to students?

**Hon. Mr. Bentley:** Thirty million dollars was not expended because the bad debt provision was much lower than anticipated, and—

**Mr. Marchese:** So what you're about to give me is part of this answer as well as the previous one?

Hon. Mr. Bentley: No. The actual increase in expenditure between 2004-05 and 2005-06 was \$166.1 million. That was \$26.2 million less than expected. The variance was due to the bad debt expense being \$9.2 million less than budgeted and then the \$18-million reduction in the Canada study grant allocation.

**Mr. Marchese:** So this fits into the other areas you were talking about earlier. Is that correct?

Hon. Mr. Bentley: You were asking—

**Mr. Marchese:** The discrepancy in spending in student financial support.

**Hon. Mr. Bentley:** Yes. That's part of the total. You were talking about the total.

**Mr.** Marchese: Again, if you wouldn't mind just giving us a breakdown in that regard, as it relates to the student financial support.

Hon. Mr. Bentley: In 2005-06? Sure.

Mr. Marchese: Yes—based on the numbers I've given you.

Hon. Mr. Bentley: I've read it into the record, but we'll put it down on a piece of paper for you.

Mr. Marchese: Please, yes.

Mr. Chair, I'll have a few more questions after the next round.

The Vice-Chair: I appreciate that very much. We'll go over to the government caucus.

**Mr. Arthurs:** We're prepared to stand down this 20 minutes in the interest of the time allocations that we're working towards.

**The Vice-Chair:** Thank you very much. Now we'll go over to Mr. Wilson of the official opposition.

**Mr. Wilson:** Thank you, Mr. Chairman. I'll take a few minutes, and I know that you have a few questions also.

Minister, going back to your \$6.2-billion funding commitment or long-range plan, out to 2009-10: Both the Ontario Undergraduate Student Alliance and the Council of Ontario Universities indicate that \$4.2 billion of that money arrives after the next election. The Council of Ontario Universities—and you may want to comment on this-calculates that the total operating revenues that universities can expect to receive over the period of the Liberal plan, when you take into account increased enrolment, inflation, weighted by program on a per-student average, will actually decrease every year from now till 2009-10. These statistics are from their committee on enrolment statistics, projections and analysis of the Council of Ontario Universities. It says that the decrease on a—of course, they use the basic income unit, which is weighted. Taking in your enrolment, which you expect to increase, I think, by 14,000 more spaces by 2009-10, the actual decrease in the basic income unit is minus 1.4% in 2006-07, minus 1.1% in 2007-08, minus 4% in 2008-09, and in 2009-10, minus 1.9%. Do you want to comment on that?

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Hon. Mr. Bentley: Sure. Just a little compare and contrast: Over the five years of the Reaching Higher plan, the funding will go up 39% in total—35% on the operating side—for colleges and universities. By contrast, in the previous nine or 10 years, universities saw a total increase, cumulative for all years, of 12% or 13%, I think it is—it might be 13%. For colleges I think it was 2%. So this is a very substantial increase. On the operating side, for example, it means that over the first four vears—last year and the three years of the multi-year agreements—there will be an additional \$1 billion for college and university operating, approximately a 26.4% increase in funding over those four years. Our commitment to post-secondary education stands, with respect, in stark contrast to what happened before. It's the biggest increase that has been seen by the sector in 40 years. It is important to the sector, and we are committed to supporting post-secondary education.

**Mr. Wilson:** But given that 4.2% of the 6.2% won't even flow until after the next election, how can you say these things? How can you have over 40 press releases and media events since the 2005 budget that keep saying that you're the greatest thing since sliced bread to education when the per pupil funding will actually go down during your time in government?

**Hon. Mr. Bentley:** No, actually the per pupil funding will go up. It was about \$6,600 in 2004-05; it will go up to over \$8,000 in 2008-09, is my recollection—

Mr. Wilson: But in terms of real value, the COU says when you take into account the expansion that you're going to do—14,000 more pupil spaces—inflation, the cost of living and all that stuff, they're no further ahead, I guess is the point they're making.

**Hon. Mr. Bentley:** You know, I haven't had a college or university president suggest to me in my time here that they would trade what happened for any of the 10 years before the Reaching Higher plan.

**Mr. Wilson:** But we didn't have 40 press conferences and we didn't spend millions of dollars on government advertising to say that you're the greatest thing that has happened to education in 40 years. You forget to mention that the Conservatives built the colleges and most of the universities.

Hon. Mr. Bentley: None of them would trade the Reaching Higher plan for those years. It is a 39% total increase, 35% on the operating side, a very substantial increase in funding. Is there more to do? Absolutely. Do we want the federal government at the table? Absolutely. Do we think we could do more if the federal government was at the table? Absolutely. But we are determined to support post-secondary education, the quality and access to it, and we're pleased that the Reaching Higher plan does it.

As far as the plan is concerned, I know we had a discussion the other day about the fact that there is a commitment over five years. I'm pleased with the fact that there is a commitment over five years. It's very difficult for post-secondary education institutions, like other big publicly funded institutions, to lurch from year to year trying to do planning on the fly when they don't really know what the budget is going to be. We have made a multi-year commitment. We're complying with the commitment, and it happens to be a commitment to increased funding. That gives them the planning window. I think that's a good thing.

I'm not sure the various announcements say quite what you said. You made reference to the 14,000 graduate spaces. This is a 55% increase in graduate opportunities, every one of which will be fully funded. From what I've heard, the institutions, the universities, are very pleased to have the added capacity.

Mr. Wilson: On the apprenticeship side of things, the Ontario Trucking Association has raised concerns with our caucuses about the lack of truck drivers in Ontario.

Do you want to comment on what you're doing in that area?

Hon. Mr. Bentley: Sure. I think it's a very good point. I was pleased to have been at the convention in January to announce the formation of a new trucking apprenticeship. Our department has been working with the trucking association, the Teamsters and other interested parties on the implementation of that. But I think the issue you outlined—we do need trained truckers. It sometimes sounds simple, but I'm sure you're aware that the issues at the border, for example, are much more complex than they might have been 20 years ago: the type of paperwork that's required, the dangerous loadhandling requirements, for example, the requirements of the various loads being transported—much more than they used to be 20 years ago. So we were pleased to have worked with the association, with the union—the Teamsters-worked with others in the development of a trucking apprenticeship which we were told, and which we anticipate, will help to ensure a good supply of truckers for the future.

**Mr. Wilson:** Do you know what your increase is going to be? Do you have a plan that tells us how many more truckers we'll have qualified?

Hon. Mr. Bentley: The various associations and the Teamsters union outlined the need. That's why we worked with them to develop the truckers apprenticeship, which consists of two parts. The first part really is truckers receiving instruction on the various issues—route formulation, the load requirements for dangerous goods and others, the border requirements—and the second is a period of supervised trucking. We don't have numbers on how many more truckers will be available, but we anticipate, for the reasons that we developed the apprenticeship in the first place, that there will not only be more truckers, but as you'd probably agree, just as importantly, more truckers who actually are trained and able to transport goods safely across the continent.

Mr. Wilson: Yes, it's a serious issue, even in my riding. In Alliston, I have Honda and at least for the last two years they've had a big sign out in front of Gibson Transport, "Truck Drivers Needed," and every time I see them, which is frequently, the proprietors of that company remind me that it is a very serious issue.

We've got skills shortages in many of our business sectors. Across Canada, there's a shortage of 20,000 skilled tradespeople, expected to rise to 50,000 by 2010. The federal government has promised to provide a \$1,000 apprenticeship incentive grant to help with tools, boots and work accessories; they're giving a tax deduction for tools of up to \$500 for existing tradespeople; and they're implementing an apprenticeship job creation tax credit of 10% for an apprentice's wages for two years, to a maximum of \$2,000, to support businesses that establish apprentice positions to create more jobs in the trades. Does your government have any plans to provide tax credits for tradespeople?

Hon. Mr. Bentley: Actually, we do. We're ahead of the federal government with respect to the tax credit for businesses. As you know, we've got the apprenticeship training tax credit—\$5,000 a year up to \$15,000 over three years, the \$95-million program over several years. That is receiving ever-increasing uptake, and we expect that—we've seen that businesses are taking on more and more apprentices, providing more opportunities. We have a loans-for-tools program out there. We are increasing the pathways, the number of routes, where individuals can actually get into an apprenticeship, through an investment, for example, in college pre-apprenticeship programs and college co-op diploma apprenticeship programs.

The biggest issue on the table right now is the labour market partnership agreement. Before he was Prime Minister, Prime Minister Harper agreed to comply with the Martin-McGuinty agreement, the Canada-Ontario agreement. The labour market partnership agreement was part of that. This year it would have meant almost \$200 million in additional investment in training for businesses and for workers, including apprentices, in the province of Ontario. It rises to \$314 million in the fifth and sixth years of the agreement. That's the type of investment in training that all employers, whether it's your trucker near Alliston, whether it's the Honda plant in Alliston, whether it's businesses throughout the province of Ontario—they need that workplace training. We need the skills training. We need the training for the workers. And so we're really urging everyone to encourage the federal government to comply with the agreement so we can improve the availability of skilled trades in the future.

The Acting Chair (Mr. Jim Wilson): Thank you, Minister. The Chairman has some questions.

Mr. Garfield Dunlop (Simcoe North): I've got a couple of questions to fill in some time here. I'm looking for information more than trying to give you some tricky question or something like that.

Hon. Mr. Bentley: That's often the preamble to the trickiest questions.

Mr. Dunlop: No, Minister. It's all around physician recruitment and some sort of unknown questions that I have. Maybe part of this is a Ministry of Health and Long-Term Care question, but I'm trying to get my head around some of the issues faced by young people in my riding. An example I want to use is a young lady who graduated from secondary school in Orillia at about 97% and ended up getting her MD at Queen's, in the top three or four in her class, and had a very, very difficult time getting a residency position here in Ontario. Unfortunately, we, the taxpayers of the province of Ontario, have put a lot of money into this young lady, as her family has as well. She started a job in July in Edmonton at a major hospital out there. That's where she finally found a residency position that she was satisfied with. Unfortunately, she's got a younger sister who's almost following in her exact footsteps who may end up in the same predicament. She's been kind of advocating through me to try to do anything we could to help with this. I'm wondering, is that something that you can comment on at all, on where we can go with that?

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Hon. Mr. Bentley: No, that's an issue that's properly within the purview of the Minister of Health. I would encourage you to direct the inquiry to them, on behalf of the person or just for your own information, because they are responsible for the various programs; it's not my ministry.

Mr. Dunlop: So in other words, you're fully responsible for the medical school as they graduate and pay their way through that system, but once they've graduated and try to get that—so do you not think there's maybe a better way of coordinating this? Because I find that almost tragic, that here we are with communities that need these young doctors. They're skilled in many ways and could be so useful in their communities, and the money we paid to have them educated is now sitting out in Edmonton, or working in Edmonton.

Hon. Mr. Bentley: Yes. There is very good coordination between the Ministry of Training, Colleges and Universities now and the Ministry of Health in terms of ensuring that we are training the professionals that the Ministry of Health suggests we're going to be needing in the future. So there's good coordination there on the training part. I know the Ministry of Health has been working very hard with respect to the increase in the number of medical residency places and the procedure—I think it's the CaRMS procedure, isn't it?—whereby there's a matching between individuals and the residency availability.

I think one of the challenges, of course, is that individual—you don't want to discuss it now—would probably have had a specific residency in which she would have been interested, and I am not aware of what the circumstances are surrounding that residency. My recollection—and this is only from what was reported in the newspapers—is that there was a very high match rate between students and residency availabilities. There might have been one or two specialized parts in which there was some issue.

I'm not the one to be answering the question. I think it is an issue that I know the Ministry of Health would like to hear about so that they can deal with it. They're the ones who can really provide you with some good information.

Mr. Dunlop: I think it was one of the children's services—obstetrics, or something like that—she was planning on going into, and finally found it in BC, although she did send me the names of a number of her classmates who were having difficultly finding these residency positions, and a number of them had gone off to hospitals in the United States. I guess what I'm trying to say is that I know it's a system that's been in place for a long time, and I just think there's a way we can do a better job. I just absolutely hate the thought—first of all, I know there's the expense side of it, the high cost of educating, which includes their parents. But their families are all in Ontario, and here we have young people going south of the border and across Canada etc. So I'll continue to follow it up.

The other area—and it may be an area as well that is under the Ministry of Health and Long-Term Care—is this whole area around foreign-trained doctors. I don't know how many times people have come up to me and said, "I hear there are all kinds of doctors driving taxicabs. Why can't we have them in our emergency rooms?" and that sort of thing. I understand there are programs we're trying to incorporate them into. Since I've been here in 1999, I've been hearing about these programs that have tried to incorporate foreign-trained doctors and have them working in our hospitals and in our clinics etc. However, talking to doctors, they tell me that a doctor who is trained in Ontario at one of our medical schools-I don't know how to put this. I don't mean to be negative towards any of the other countries, but apparently we have a very, very high standard. The people who are trained here, who go through the medical schools, are considered some of the best in the world. Doctors tell me that there are cases where, if you're going to start allowing foreign-trained doctors to work in some of our communities, they absolutely have to upgrade to our standards to follow through on that. I was wondering if you have any comments on that, or is that something you can even comment on in your position?

Hon. Mr. Bentley: Well, no. The various bridge training projects for foreign-trained professionals were transferred a year ago June to the Ministry of Citizenship and Immigration. I know you, like I, would have read the various information coming out of the Ministry of Health. You, like I, would have read about the speeding up of the preliminary test that foreign-trained professionals would have to take before they could actually start getting into the program. And you're right, it's not a matter of lowering or changing Ontario's standards but making sure that we facilitate and improve the entry into the process for foreign-trained physicians.

You, like I, would have read about the new website that's up so that those who are thinking of immigrating would be able to access the requirements for qualification before they even get here and can start the process. We would have read about the doubling in the number of IMG spots, for international medical graduates to actually get in and start the process along. We would have read about that program, the name of which escapes me—physician assistant, I think it is. It's like what the army has had forever, where those who don't have full qualifications can actually get in and work alongside fully accredited physicians so that they get the necessary work experience. But it's really a question that is better directed either to the Ministry of Health or to the Minister of Citizenship and Immigration.

The Acting Chair: Just two minutes left.

**Mr. Dunlop:** Okay. A final comment on the whole area around physician recruitment: I think the general public have not been educated very well on some of the problems involved in attracting these physicians to countries like Canada and the education of them. I don't know what we can do on that. However, I'm sure that everybody in this room, or all the members around the

table at least, has heard the story: People come up to you at an event and tell you, "I hear these doctors are driving taxicabs or they're working on construction sites." It's deplorable, as far as they're concerned, because they don't know all the background. So if there was a message I could send to sort of a combination of Ministry of Health and Ministry of Training, Colleges and Universities, it would be that I think we have to find a way to better educate the general public about the barriers we face as we try to actually put a physician in place in the province of Ontario, and the qualifications that they have to receive before they can actually practise here.

Hon. Mr. Bentley: It's an enormously important issue. I know both the Minister of Health and the Minister of Citizenship and Immigration would love to work with you in making sure that you can get the word out about all the things that are going on to make sure that people don't miss opportunities, because I know there's a lot going on. But they're really the ones who need to speak to that.

The Acting Chair: Thank you. Mr. Marchese.

**Mr. Marchese:** I just have a few questions for you, Minister. With respect to apprenticeships, in 2003 Dalton McGuinty promised to eliminate the in-class fee for apprenticeships. It's still there. Is that going to be eliminated, as promised, in this fiscal year perhaps?

Hon. Mr. Bentley: We're still working on that. We want to make sure that the barriers to apprenticeship aren't there.

**Mr. Marchese:** Okay. Thank you. I guess you've got just another year left. You might be able to do it, if you work hard, before the next budget. You never know; you might be able to keep that promise.

Discrepancies in spending in training and apprenticeship: Why do the 2005-06 estimates indicate only an \$18-million increase in spending on the training and employment program when, according to the Reaching Higher plan, there would be an increase of \$44 million in this area for 2005-06?

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Hon. Mr. Bentley: My recollection from last year is that the biggest issue there was the seat purchase of apprenticeship in-school training spots. The federal government flows money through the EI program because they still have the labour market development agreement, they still have the labour market development money. For a number of reasons, the anticipated take-up by apprentices of in-class training was not as high as was budgeted for. That was the biggest item in the decrease. There was another item, and we'll dig the details of that out for you.

**Mr. Marchese:** So if you were to announce how much you spent, you would say you've only spent \$18 million. You wouldn't say you spent \$44 million, because it wouldn't be true, right?

Hon. Mr. Bentley: Sorry?

**Mr. Marchese:** The Reaching Higher plan says that you were spending \$44 million, but that didn't happen. Only \$18 million was spent. You were giving reasons as

to why only \$18 million was spent in that category called "training and apprenticeships," right?

Hon. Mr. Bentley: I was giving you those reasons. Absolutely, Yes.

Mr. Marchese: So the real number is \$18 million. If the deputy could just send me that explanation you were giving to me that would account for that discrepancy, that would be helpful.

The access strategy: You were targeting some resources to underrepresented groups or groups with fewer available resources, such as aboriginal students, francophone students and students with disabilities, and you formed advisory committees. These groups have been announced for a while, and MTCU resources have been directed to support these committees. What are these committees currently considering since the tuition fee increases have been announced or have been implemented this year?

Hon. Mr. Bentley: Sorry, what are they considering? Mr. Marchese: Tuition fees have been announced. What are they considering, based on this access strategy vis-à-vis the increases in tuition fees?

Hon. Mr. Bentley: I think you saw some examples of the work that has gone on at the access committees in the recent first-generation enhancement. So, for example, the SCOrE program at Seneca is the type of community-based interaction between the post-secondary institution—in that example, a college—and the community which nominates people to go into the program. That's the type of wraparound program, wraparound service that these committees are coming up with.

The bigger issues relating to access, relating to tuition fees, don't come into the discussion, for the most part, of these various committees. So another one of the first-generation recommendations was the type of program we announced with Pathways and the expansion of that program—again, a community-based program which encourages individuals who might not otherwise finish high school to finish so they can go on to post-secondary education. You're aware of Pathways—you have been for years now—and how successful it is.

**Mr. Marchese:** Is any of the money from the Reaching Higher plan funding these committees or providing supports for these committees to meet travel expenses?

Hon. Mr. Bentley: Sure.

Mr. Marchese: They're doing that, eh? How much money, do you know?

**Hon. Mr. Bentley:** It depends on the committee. We can provide the expenditures for 2005-06 and the anticipated for 2006-07.

**Mr. Marchese:** So we'll make a request, and you'll consider it, basically.

**Hon. Mr. Bentley:** Some of the representatives—for example, the aboriginal committee—come from all over the province of Ontario. We met once in Thunder Bay. We've met in Brantford.

Mr. Marchese: And their travel is paid and so on.

Hon. Mr. Bentley: Yes. Absolutely.

**Mr. Marchese:** Or related expenses, I'm assuming.

**Hon. Mr. Bentley:** I would think so. Some of them come from a long way away.

**Mr. Marchese:** At some point, you'll have a total amount in terms of the assistance you're giving to these committees. Once you do, I'd appreciate an amount.

Hon. Mr. Bentley: Sure.

Mr. Marchese: Thank you. Have they produced any recommendations so far?

Hon. Mr. Bentley: They've produced quite a bit of excellent advice that has gone into the announcements that we have made already. What we're working toward is a longer term strategy. So, again, the suggestions that have come out of the first-generation committee so far is that we have to be sensitive to the differing needs of communities, that we should build on the success of programs that have been out there for many years—and that's Pathways, for example—that it doesn't necessarily apply the same from one community to the next.

Mr. Marchese: Sure.

Hon. Mr. Bentley: So that's a characteristic that has animated the products of our expenditures. In the disabilities committees, one of the issues that was identified, I recall, was money for print-alternate materials and for assistance for the deaf and hard of hearing. That is just one of many suggestions that came directly from that committee.

**Mr. Marchese:** Do these suggestions or recommendations become public, or is this just advice that goes to you directly and no one else knows about it? Is that the way it works?

**Hon. Mr. Bentley:** It's been advice that's come essentially to me, as minister; there are ministerial committees.

**Mr. Marchese:** Do they become public in any way? Do you know? Do we know?

**Hon. Mr. Bentley:** No. They're advisory committees for the minister; they provide me with advice.

**Mr. Marchese:** Right. So they don't publish anything?

Hon. Mr. Bentley: No.

Mr. Marchese: They just give you advice.

Hon. Mr. Bentley: Very helpful advice, absolutely.

Mr. Marchese: For sure. But we don't know, for example, whether they make some recommendations that you may not take up, that you may not pick up. We wouldn't know that, because they only talk to you.

Would it be useful to have those recommendations made public so that we would all be engaged to help you, as well?

**Hon. Mr. Bentley:** I know that you've never hesitated to provide assistance either to me or to previous ministers in this position—

Mr. Marchese: That's the point I make, right?

**Hon. Mr. Bentley:** —so I don't anticipate there's any barrier there.

Mr. Marchese: I'm just trying to help, right?

**Hon. Mr. Bentley:** I think what's very helpful about the committees is that there's a free interchange of ideas between the participants—

Mr. Marchese: And yourself.

**Hon. Mr. Bentley:** —and me, and among the participants.

Mr. Marchese: But not me. There's no interchange with me.

Hon. Mr. Bentley: As I say, I'm happy to receive suggestions from you today and every day.

**Mr.** Marchese: But I don't know what suggestions they're making, so I can't interchange with you because I don't know what their interchange is with you.

Hon. Mr. Bentley: The great thing is that I certainly welcome the opportunity to receive advice from you on how to improve participation by, for example, first-generation students in post-secondary education or ensure their success while they're there. I know you're connected to the community in so many ways and you'll pass on the information to me.

**Mr. Marchese:** It's just that it's so much harder for me. You've got so many assistants, and imagine me, just little old me, working alone and having to call these people. How do I do it? It's so hard. You know what I'm talking about.

**Mr. Khalil Ramal (London-Fanshawe):** I'm crying now.

**Mr. Marchese:** Khalil is crying. Don't do that. No, come on.

Hon. Mr. Bentley: I'm looking forward to your suggestions.

The Vice-Chair: Okay, guys.

Mr. Marchese: Thank you, Chair. Those are the only questions I have.

The Vice-Chair: Okay. We're going along pretty quickly here.

Mr. Arthurs: We'll stand down this 20 minutes as well, Mr. Chair.

The Vice-Chair: Mr. Wilson, you have 10 minutes left and, Mr. Marchese, you have 10 minutes remaining today, and the government would have another 20 minutes, if they wish.

**Mr. Wilson:** The government is a chatty bunch over there.

Interjection.

**Mr. Wilson:** You should at least say something to record your attendance.

Minister, thank you again for being here.

On apprenticeships, there was an article in a publication called Education That's Worth More, published by the Association of Colleges of Applied Arts and Technology of Ontario. It was pointed out in that article that the "Ontario government has quietly cut the \$10-million apprenticeship enhancement fund that allows colleges to purchase equipment for apprenticeship programs. The government has also eliminated the \$10-million college equipment renewal fund, which colleges use to purchase industry-standard equipment for student training."

I guess the obvious question is, why did you cut this \$20-million worth of capital from the colleges which, on the surface anyway, seems to be pretty useful money for

buying computer lab equipment, diagnostic imaging equipment, welding machines, defibrillators etc.?

Hon. Mr. Bentley: Actually, it was a five-year program. Both of them were five-year programs started, I think, in 2001-02 under your government: \$10 million a year for five years; the five-year program was up. We're looking for opportunities to find ways to continue to support the requirements we have to ensure we have enough skilled trades in Ontario. I mentioned a few of the operating investments we're making for the benefit of colleges to increase the availability of programs. I think you make a good point: We need to continually look to ways to ensure they have up-to-date equipment.

I'm pleased with the fact that we have increased the amount of operating expenditures for the operating income for colleges substantially over the past couple of years. But I think you make a good point about the need to be ever-vigilant and to continually ensure we have the

support that's necessary.

**Mr. Wilson:** Do you see bringing back these capital dollars? It's the test tubes and the microscopes and everything that makes the student experience worthwhile.

Hon. Mr. Bentley: It's certainly something we're looking at.

1700

**Mr. Wilson:** One question I do have that I forgot to ask under tuition fees is, what is the proportion of tuition fees to operating revenues today for universities and where will it sit in 2009-10 under your plan?

**Hon. Mr. Bentley:** Today, my recollection is that it's about 37%, depending on how it is calculated and who calculates it. That, I anticipate, will remain relatively

constant throughout the Reaching Higher plan.

Mr. Wilson: Do you want to take a moment to comment on the possible strike at Carleton U in terms of, just for the record, "Unionized teaching staff at Carleton University are set to strike November 15 if a collective agreement is not reached"? It involves, I gather, 750 professors and librarians and affects about 19,000 full-time students.

Hon. Mr. Bentley: You know it wouldn't be appropriate for me to comment on negotiations that are under way or any sort of anticipated or pending labour relations issue. I know the Ministry of Labour is available with very trained mediators and conciliators for these issues and, as in all collective bargaining cases, I urge the parties to continue talking, work hard and reach an agreement as quickly as possible.

**Mr. Wilson:** You put a substantial amount of money into capital—deferred maintenance, I would think—this year, I guess. Was it this year or last year?

Hon. Mr. Bentley: A couple of years ago.

**Mr. Wilson:** I think I read \$133 million. Was all of that money disbursed, or was it meant to be put out over a number of years?

Hon. Mr. Bentley: No, no. The money last year, about \$130 million in total—some of it was deferred maintenance money; some of it was the third year of monies for new build. It was the third year of the expenditures of those monies.

Mr. Wilson: I probably should look it up myself in the estimates, but what happens going forward now? They say they have about \$1.77 billion worth of deferred maintenance and capital requests. I'm sure some of that's a wish list, but I'm sure much of it is essential work that needs to be done.

Hon. Mr. Bentley: I think deferred maintenance is a continuing challenge. I know it was experienced under previous governments and experienced by us. There's \$40 million available this year for deferred maintenance across the sector. Two years ago—you're right—we put in a total of \$240 million to assist with deferred maintenance and equipment issues. Last year it was about \$130 million. This year it's \$40 million, and there is money in the plan in the out years to do more, but that is something that we will continue to look at and monitor.

Mr. Wilson: I mentioned last week the high cost of oil, gas and electricity—utilities—for universities. Are you looking at anything to assist them? Because it's nice to give them increases in their budgets from the province of Ontario, but if up to half of it's being taken away for utility bills, it doesn't bode well for catching up for these schools.

Hon. Mr. Bentley: I was pleased that the recent announcement with respect to electricity utility rates showed an average decrease provincially of about 6%. How that works into the specific institutional sector, I don't have those figures at the moment. You're right: We have put a substantial increase into the operating budgets of both universities and colleges to help deal with that, as well as the quality and access issues. I know there's some work going on with the Ministry of Energy about energy-saving initiatives.

You mentioned before the deferred maintenance capital investment we've made. One of the projects that I went to see in fact was at the University of Guelph, and it was a very interesting project. What they were doing with the investment of the money was to upgrade the greenhouse area, I think it was, and they were actually going to end up saving more money than the capital cost of the project by about the fourth year of the project. So I think that shows the creative approach we really can bring to both deferred maintenance and an energy-saving initiative.

Mr. Wilson: I just want to ask you, in the three minutes I have left, in terms of the labour market development agreements with the federal government: Where are you on that and how many civil servants or bureaucrats will be displaced? You have several thousand, do you not, from the federal government to integrate, which I guess is what you call it?

Secondly—and I ask this seriously, because I'm going to get the name of the labour board wrong. But one of my labour boards, which was Grey-Bruce-Huron—

Hon. Mr. Bentley: The training board?

Mr. Wilson: Training board, sorry—was in to see me about four weeks ago. We've not heard much, in a public way, anyway, on how that whole integration process is going.

Hon. Mr. Bentley: Sure. The two agreements: I spoke to the labour market partnership agreement earlier; the labour market development agreement transfer takes place on January 1, 2007. We expect there will be a total of 600 and 700 federal employees who will become the employees of the province of Ontario. One of the things we're determined to achieve with respect to the transfer is a continuity of service. It will mean that more than \$500 million in federal EI dollars are transferred, to be administered by the province of Ontario.

You mentioned training boards, and we have the one down my way. I've met with the training boards individually and collectively. They perform a very important function. I don't know if I've met specifically with yours, although a group of training board representatives met me when I spoke to the board of trade some weeks ago, so they might have been in the group. I am enormously supportive of the work they are doing. I look forward to getting up there and meeting and discussing issues with them specifically.

**Mr. Wilson:** You probably did address this, then, in your board of trade speech, but I missed it. Lisa Kidd was the executive director who came to see me, along with some representatives from her organization. Specifically they asked me: Will their role change? Just to be frank about it, they're kind of worried about their future and whether they have much of a role to play.

Hon. Mr. Bentley: The training boards that I am aware of have performed a very helpful role in bringing together, as a sort of the neutral third-party adviser, the training needs and the opportunities within a particular jurisdiction. As we bring the labour market development agreement—we assume responsibility for that—there will be a planning process throughout the province of Ontario. I think identifying regional and community needs is extremely important.

I expect and anticipate that there will be a role for training boards. It may evolve slightly over time. But, as I said before—and I'm being direct with you—the training board people I've met do a very good job. I am supportive of what they do and I'm looking forward to their continued advice.

**The Chair (Mr. Tim Hudak):** I'm sorry, Mr. Wilson, but that concludes your time.

The third party, I believe, has forfeited their last 10 minutes, so we have a 10-minute cycle for the government.

**Mr. Arthurs:** We are down to the last rotation, are we? Is it 10 minutes at this point?

The Chair: Yes.

**Mr. Arthurs:** Mr. Chair, what we'd like to do, I think, at this point, rather than questions—normally, often the government will provide its time to the minister, I understand from my past practice, if they have any final comments they would like to make. We would be prepared to provide up to our 10 minutes to the minister for that purpose, if that's agreeable.

The Chair: Sure; okay.

Minister, you have eight and a half, nine minutes. Go ahead.

**Hon. Mr. Bentley:** Well, thank you very much, Mr. Chair. I'd like to thank you and the members from all parties for their participation in these proceedings and for the opportunity to present and to answer the questions.

The Chair: Oh, come on, now. You're not acting like a minister. All right. Well then, thank you, Minister Bentley, for your brevity. Thank you for appearing before the committee; to the deputy, as well, and the Ministry of Training, Colleges and Universities staff who have been in attendance for our seven and a half or so hours together.

I think members know that before we adjourn we need to proceed with a vote. So, Minister, you can attend with rapt anticipation of how these votes are going to proceed.

Are members ready to vote on the estimates of the Ministry of Training, Colleges and Universities?

**Mr. David Zimmer (Willowdale):** I'd like some time to think about it.

**The Chair:** You'd like some time to think about it? Shall vote 3001 carry? Carried.

Shall vote 3002 carry? Carried. We're on a roll.

Shall vote 3003 carry? Carried. Not as enthusiastic on 3003.

Shall the estimates of the Ministry of Training, Colleges and Universities carry? Carried.

Shall I report the estimates of the Ministry of Training, Colleges and Universities to the House? Agreed.

Our business having been completed with the Ministry of Training, Colleges and Universities, I remind members that we reconvene on Tuesday, October 31, 2006, at 3 p.m. or following routine proceedings, to consider the 2006-07 estimates of the Ministry of Public Infrastructure Renewal—which is our last ministry, I say to the clerk? So it's the last ministry in this set of estimates renewals.

Folks, thanks very much. The committee is adjourned until Tuesday the 31st.

The committee adjourned at 1711.

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Ministry of Public Infrastructure Renewal

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

# Journal des débats (Hansard)

Mardi 31 octobre 2006

# Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 31 October 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 31 octobre 2006

The committee met at 1534 in room 151.

## MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Vice-Chair (Mr. Garfield Dunlop): We'll call the meeting to order, ladies and gentlemen. I want to begin by saying that I understand we have consent between the three parties to adjourn today at 5 o'clock. Is that agreed? Are you agreeable to that? That's to do with some family issues around this special day.

Mr. Tim Hudak (Erie-Lincoln): It's an important day.

The Vice-Chair: It is.

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): I should tell you, Mr. Chair, that two of the officials from public infrastructure renewal have birthdays today, and they're present here.

Mr. Hudak: Name names.

Hon. Mr. Caplan: Paul and Victoria, if you want to stand up and be recognized.

Interiections.

The Vice-Chair: Now, we can't sing Happy Birthday, but we do wish them all the best.

**Hon. Mr. Caplan:** I seek unanimous consent to sing Happy—no.

**The Vice-Chair:** Okay. Thank you very much, everyone. So we will adjourn at 5.

We are here today for the consideration of the estimates of the Ministry of Public Infrastructure Renewal for a total of 7.5 hours, and we will commence with vote 4001. We'll begin with a 30-minute statement by the minister, if you wish to go the 30 minutes, 30 minutes for the official opposition and 30 minutes for the third party, and then the minister will have up to 30 minutes for a reply. The remaining time will be apportioned equally amongst all three parties, which we've been going through now for the last seven or eight weeks, since we started this round of estimates.

With that, Minister, I welcome you today. Thank you for your time and being here and all the staff from the ministry who are here to support you as well. With that, Minister, you may proceed at any time.

Hon. Mr. Caplan: Mr. Chair, thank you very much. I want to thank the members of the committee for taking the time to come and listen and review the Ministry of

Public Infrastructure Renewal. I want to acknowledge, on my left, Deputy Minister Carol Layton, whose leadership has been absolutely outstanding and invaluable in building our ministry and in fulfilling its mandate.

I am indeed pleased to be here once again to have the opportunity to appear before this committee. I consider this process, the holding of the government to account for the way it spends the public's money, to be of supreme importance, because you cannot have good government without good accountability, and you can't tell yourself that you're doing a good job in government unless you're prepared to submit yourself to the most rigorous of accountability processes, and that's what this committee provides. As it happens, I believe that we are doing a very good job as a government, so here I am.

As Minister of Public Infrastructure Renewal, I have been charged with laying the foundation, figuratively and literally, for this province's future. It's not a responsibility that I take lightly; nor do I take lightly the responsibility of this committee to put the work that we're doing under the microscope. I welcome your questions and will answer them to the best of my ability.

Before that, however, I'd like to tell you a little bit about what our ministry has been up to. I'm going to start not with any projects or plans but with the forum that we held three weeks ago. We called it the Leaders' Forum on Infrastructure, and it was exactly that. We brought together leading thinkers in the field of infrastructure, top business people and political leaders from different levels of government, whose job it is to manage and deliver infrastructure. We brought together people from all over the world, from as far away as New Zealand and Spain, from across this country and of course from right across here in Ontario, and we spent the day talking about infrastructure.

I admit that it's not a prospect that would fill everyone with excitement—certainly not my wife—but we had a heck of a time. Since we're here today to talk about infrastructure, I figure I should tell you about it.

We talked about what works, what doesn't, what challenges we all face and the different ways we are trying to deal with them. It was, in a word, a fascinating day. I learned a lot about what is happening in other jurisdictions, and I'm proud to say and to report to you here today that people left having learned a lot about what we're doing here in Ontario and were quite impressed.

The theme of the conference, and the reason I'm taking up this committee's time talking about it, was "Long-term thinking in a short-term world."

Anyone who knows anything at all about infrastructure knows how important that concept is. Governments everywhere are coming to grips with the fact that infrastructure decisions must be made with a focus on future generations. They must be made by people who prefer to paint on a canvas that spans literally decades instead of simply a handful of years. Unfortunately, however, most major infrastructure decisions must also be made by elected politicians whose terms of office only last for a very few years. Consequently, politicians have not always been good at thinking in terms of decades and generations.

There are still bridges to nowhere in this country and in many others, roads that just end because they stopped being built, that stand as a testament that politics and infrastructure don't mix very well. Politics, all too often, is a game of inches, and infrastructure requires a much longer game than that.

When Premier McGuinty did me the great honour of making me the Minister of Public Infrastructure Renewal, he made it clear that I was to take a different approach, one that has too often not been taken, to change the channel in a sense. He made it clear that he wanted me to do exactly what I just said politicians have had a hard time doing: playing the long game, thinking in terms of decades and generations and not worrying about the next election or the one after that. Band-Aid solutions that maybe, just maybe, might get us through the next few years are, I submit to you, neither practical nor appropriate.

#### 1540

That has been our mission at public infrastructure renewal, and I was very proud to be able to tell my colleagues at that conference that we are enjoying a very great deal of success. I'm proud to share with members of this committee that very same thing.

There are several common themes that emerge if you spend much time, as I have, consulting with and engaging with municipal leaders, business leaders, union leaders and experts on infrastructure: the need for long-term planning, the need for sustainable funding, and the need for flexibility and collaboration in dealings between provincial and federal levels of government. We listened as our partners in infrastructure reiterated those themes. We understood them. In fact, I agree with them. All of these themes are reflected in what I want to talk to you about here today.

Let me start with ReNew Ontario. Members of this committee would remember that ReNew Ontario was launched in May 2005. It's an absolutely unprecedented and huge undertaking. It calls for an investment of more than \$30 billion over the course of the next five years to revitalize, modernize and expand the public infrastructure of this province. This of course is critical to the continued economic success of our province and to its social wellbeing. Literally, it's the quality of life of the people who

live here, of all of us in the committee rooms, our family and friends and those yet to come—literally everybody. After all, we're talking about our schools, our hospitals, the buildings we live in, the roads we travel, the bridges we cross, the clean water we want to drink.

Infrastructure is, quite simply, the bricks and mortar that make up this province. And I have to be clear with the members of this committee that when we took office, it was literally crumbling around us. Schools were neglected, and students' abilities to achieve and teachers' abilities to teach were suffering. Hospitals were not being upgraded, contributing to long waiting lists. Deteriorating water and sewer systems threatened public health and safety, this in a province with a memory of the tragedy at Walkerton has not begun to fade. Transit has barely kept up to the demands of today, let alone preparing for the increased demands of tomorrow. It's the same story for our roads and bridges, with real implications for our economic well-being and for our quality of life. Clogged borders cost the provincial economy some \$5 billion a year, an estimate of the Ontario Chamber of Commerce. And gridlock in the GTA has a \$2-billion annual drag on our economy according to the Toronto Board of Trade.

So we faced a serious infrastructure deficit, the product of far too many years of inaction or poor decision-making, a mindset that says, "Let's hope that things don't actually fall apart on our watch because then we don't have to worry about them." That mindset shortchanged the people of this province on the vital investments in public facilities that were needed, from hospitals to schools to highways to water and sewage treatment, and created the infrastructure deficit that we inherited when we took office.

With ReNew Ontario, we set about to eliminate that deficit. The government of Ontario has a rational and, for the first time, coherent plan to restore the public infrastructure we all depend on for our health care, our education, our economic prosperity and, indeed, our quality of life. But I have to caution members that it's not going to happen overnight. It's a five-year plan, and even then it's just a first step. But here we are, a short 18 months in, and we're already seeing great results.

Earlier this month, I was pleased to release a progress report on ReNew Ontario, and there are some very encouraging signs. It's an encouraging snapshot of a project that is barely under way, but already doing great things for the people of this province.

As I said, we committed with our partners to invest more than \$30 billion in the infrastructure in this province, and we have started to make those investments. In health care, we're ensuring that Ontario patients can continue to receive the care they need in state-of-the-art facilities. By 2010, we will have invested more than \$5 billion in health care facilities to reduce wait times, provide better services in high-growth areas and modernize older hospitals.

As the progress report shows, we have committed to more than 100 hospital projects across this province. We are building 11 new state-of-the-art hospitals in all com-

munities, north, south, east and west, as well as three new regional cancer centres. The number of new cancer cases in Ontario is expected to double by 2028. People are going to need help and care and we're making it a priority to see that they get it, and get it as close to home as nossible.

In education, we're backing our government's unprecedented commitment to student achievement with an infrastructure commitment of our own. An investment in education is an investment in jobs for tomorrow, and we must equip ourselves with the skills we need to compete in a global economy. So by 2010, we will have invested more than \$10 billion in elementary and secondary schools, in post-secondary and training facilities. We're undertaking 3,000 urgent repairs and construction projects. We're creating 14,000 new graduate spaces right across the province. In addition, last year we provided \$60 million to Ontario colleges and universities to buy modern equipment and maintain and improve classrooms and laboratories.

We're also making major investments in transit and transportation, meeting our responsibility to reduce congestion, improve air quality and speed up the movement of goods and services so critical to our province's economy and to the quality of life of the people who live here. In all, we're making improvements to 86 public transit systems across Ontario as well as helping communities with local road and bridge projects. We're making repairs to 408 kilometres of provincial highways in southern Ontario this year. I'm particularly proud of the Highway 69 action plan which is going to bring about badly needed expansion to this critical route to northern Ontario, both for safety and because it's a key economic lifeline.

We invested more than \$340 million in environmental and clean water initiatives in 2005-06.

We also moved forward with 128 affordable housing projects right across this province since signing the Canada-Ontario housing program agreement in 2005. That represents a total of over 6,500 new homes—badly needed homes, affordable homes—for Ontarians.

We're investing in cultural landmarks like the Royal Ontario Museum, the Art Gallery of Hamilton, the Great Canadian Theatre Company in Ottawa, as well as recreational facilities like the new Niagara Falls community centres. We are, quite simply, building a better Ontario. We're renewing and strengthening the foundation on which Ontario's way of life is built.

I'm proud to say that ReNew Ontario is meeting with approval from many different quarters. Ken White, president of Trillium Health Centre, said, "Our physicians, staff and volunteers do incredible work to provide the best care to our patients. It's exciting to see us take another step toward modernizing and expanding our sites so we can provide even better health care to our communities."

Terry Willms, president of the Ontario Road Builders' Association, thanked this government for "creating a highway system capable of supporting higher traffic volumes. These investments will prolong highway life, improve road safety and reduce wear and tear on vehicles."

Lorne Keon, director of education for the Renfrew County Catholic District School Board, said that ReNew Ontario funding "will allow us to address a series of urgent and high-priority projects for our facilities, such as roofs, boilers, physical upgrades and refreshing of our plants or school grounds."

Renew Ontario is just one of several initiatives that our ministry is undertaking, all of which support one another. This past June we released the growth plan for the greater Golden Horseshoe. This is a plan to build opportunities for the people of Ontario by creating betterplanned communities with more options for living, more options for working, shopping and playing in the fastest-growing region in Canada, indeed one of the fastest-growing in North America.

1550

I spoke earlier about the importance of playing the long game when it comes to public infrastructure. The growth plan for the greater Golden Horseshoe is a 25-year blueprint. It is the first growth plan area designated under the Places to Grow Act, and there will be more designations and more plans released, but this is the area we chose to deal with first because the need in this region to plan for what is coming down the pike is so urgent.

The greater Golden Horseshoe is the engine of the Ontario economy. It accounts for 70% of the province's gross domestic product. It is also our largest urban area by far. Two thirds of the province lives here already, and over the next 25 years we're expecting an additional 3.7 million people and almost two million additional jobs to be created. That's definitely something you want to plan for, because if you don't, things get worse, not better. You get damage to the environment. Business as usual—translation, doing nothing—would result in a 42% increase in auto emissions. Does anyone in this room want to breathe that kind of air?

If you do nothing, you get longer commute times to work. It's estimated that there would be a 45% increase in average commuting times arising from increased traffic congestion. Those are not traffic reports that I want to listen to. You get urban sprawl. We'd be looking at the loss of about 1,000 square kilometres of farmland. You get excessive costs for infrastructure needed to support this kind of growth. We estimate about \$12.2 billion in the greater Toronto area alone.

But if you do plan and if you plan properly, it's a different story. So our growth plan for the greater Golden Horseshoe is building opportunity for new investment and more jobs. It establishes coordinated population and job growth forecasts for municipalities to help them and us with better planning. You can't plan for something if you don't know it's coming. It encourages revitalization of downtowns and city centres, making them more vibrant, people-oriented and attractive. Downtowns are supposed to be the community hubs. They are supposed to be places that people want to go to. In too many

places, that is no longer the case, so we're going to change that.

It complements the province's greenbelt plan, protecting 1.8 million acres of valuable farmland and key natural areas at the heart of the greater Golden Horseshoe. The growth plan reduces development pressures on agricultural land and natural areas by directing more growth to existing urban areas, and we ensure that new development is planned to create complete communities that offer more choices in housing, better transit and a range of amenities like shopping, schools, entertainment and services that are closer to where people live. We have to concentrate growth in the areas that can best accommodate it.

The plan identifies 25 downtown locations right across the greater Golden Horseshoe that will be the focal points for accommodating people and jobs through initiatives that offer attractive new living options within easy access to shops and services. These centres will also support transit and the economy of the surrounding area. It establishes an integrated transportation network that will offer more choices for getting from place to place, reducing traffic congestion on our roads. And it links planning for growth with planning for infrastructure so that roads, sewers, schools and other infrastructure are in place to meet the needs of growing communities.

We're investing some \$7.5 billion over the next five years to ensure that, as nearly four million new people arrive in this province, they find a standard of living that attracts them to live here, raise their families, and build jobs and great communities.

This growth plan places Ontario not only among the leaders in promoting strong growth in Canada but in North America and indeed worldwide.

When we launched the growth plan for the greater Golden Horseshoe, we did it in the great city of Mississauga, where, I can tell you, we made Mayor Mc-Callion's day. She talked about what a bold step this was and what it was going to do to make her community strong and livable now and in the future. She said, "I only wish that the plan had been in effect 25 years ago, when Mississauga started to develop."

That's the kind of sentiment that I heard repeated often in the days that followed, when I did a little bit of a growth plan tour. I visited communities like Hamilton, Kitchener-Waterloo, Niagara and Oshawa, all of which have seen the future coming and are embracing the growth plan as a way to prepare for it, deal with it and indeed benefit from that growth.

That is really the point of the exercise, to position this province so that future growth isn't something we fear or, at best, to get through. We are embracing growth because it's going to make this province even stronger, even more vibrant and an even better place to live.

Both ReNew Ontario and the growth plan for the greater Golden Horseshoe are supported by yet another plan that we announced earlier this year. That plan is called Move Ontario. Move Ontario is a one-time, \$1.2-billion investment in Ontario's public transit systems and

municipal roads and bridges designed to help move people and goods faster, create jobs and build a stronger economy across this province. It includes \$670 million to extend the subway right up to York region and beyond, up to Highway 7; \$95 million for the Mississauga Transitway; \$65 million for the Brampton AcceleRide program; and \$400 million to municipalities primarily outside the GTA for investment in municipal roads and bridges. The investment is spread across the province with an emphasis on rural and northern communities such as Hastings county, which will receive more than \$1.6 million; London, which will receive more than \$14.3 million; Hamilton, nearly \$21 million; Sault Ste. Marie, more than \$4.7 million; Kitchener, more than \$4 million; and Ottawa, nearly \$33 million. These communities and all communities across Ontario will determine their own priorities, including how and when to spend the funding. It is being provided immediately so that high-priority projects can be accommodated as soon as possible.

Our government has an outstanding record of helping communities across the province ensure their roads and bridges and their transit infrastructure are among the best in the world. We are the first government to offer municipalities a reliable and stable source of transit revenue. The provincial gas tax program is a huge success. We have launched the third year of the program, giving our municipalities \$313 million, or two cents of every litre of gasoline sold in this province, for public transit programs. We also, I believe, have an outstanding record in helping communities help themselves in improving infrastructure. We created the Ontario Strategic Infrastructure Financing Authority, or, as we call it, OSIFA, to make it easier for municipalities to access affordable financing for public infrastructure. It is, in effect, an infrastructure renewal loan program for municipalities, and I'm pleased to report it has been a marvellous success. We have just merged OSIFA with Infrastructure Ontario in order to more effectively carry out our infrastructure planning, financing and procurement activities. However, it is very much business as usual, and Infrastructure Ontario will continue to provide affordable, long-term loans under the OSIFA name. To date, OSIFA has provided \$2.4 billion in low-cost loans for infrastructure financing to almost 200 communities for more than 12,000 local infrastructure projects. Similarly, we are working with our federal partners to help municipalities meet their infrastructure needs through the Canada-Ontario municipal rural infrastructure fund, or COMRIF. COMRIF commitments this year total approximately \$47 million in provincial funding for Intake 3, and they'll be used to build everything from better sewage systems to improved waste management processes to better roads and bridges.

We have also begun working with our municipal partners to improve strategic asset management in this province. When we talk about good asset management, we are also talking about an integrated approach involving planning, engineering and financing to effectively manage existing and new infrastructure in a sustainable manner.

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Put another way, municipalities need to change the way they think about and manage their assets. We all have to work together to keep our public assets from falling apart. By 2009, the Public Sector Accounting Board, or PSAB, will require that all municipalities report on the value of their capital assets as a basic first step in assessing what needs to be done to preserve them. Many larger cities already have asset management plans in place. This is something that must become part of the day-to-day business of being a government at any level.

I'd like to shift gears for a moment and talk about not what we are investing but how we are investing, and the context for that is the massive infrastructure deficit I laid out earlier. What I believe to be a conservative estimate is that we need to spend more than \$100 billion over the next 30 years if we are to ensure that we are delivering health care in state-of-the-art hospitals, dispensing justice in modern courthouses, teaching our kids in new or renovated schools, and moving our goods and people on well-maintained roads and highways—more than \$100 billion.

We could, as other governments have done, have shied away from that reality. We could have undertaken the odd patchwork project here or there and left the real work that needs to be done for another day, for another government. But we chose not to. Instead, we took a good, long, hard look at the options available to us in terms of funding big projects. We applied five very clear principles that we developed under our Building a Better Tomorrow framework.

The public interest is paramount. Value for money must be demonstrated. Accountability must be maintained. All processes must be fair, transparent and efficient. Finally—because this is the big one—appropriate public control and ownership must be preserved. What we came up with was AFP, or alternative financing and procurement.

Thirty-five hospital projects are proceeding under the government's AFP program. Alternative financing and procurement leverages private sector resources and expertise to provide on-time and on-budget project delivery. It transfers appropriate risks to the private sector. It reduces costs by eliminating duplication and red tape. The bottom line: It gets the job done.

What it does not do is privatize hospitals, as certain critics insist it does. So let me be clear: There is a fundamental and profound difference between our government's approach to hospital financing and that of previous governments. We will not compromise the integrity of our public health care system. All Ontario hospitals, no matter how they're funded, will be publicly owned, publicly controlled and publicly accountable. All AFP transactions are strictly governed by the framework. It allows for no privatization of hospitals, period.

Providing the highest-quality health sector infrastructure at the lowest possible cost demands a more principled, more innovative and more effective way of managing our public infrastructure. With AFP as one of our tools, we'll be able to deliver better and smarter. The choice is not between using AFP or traditional methods; it's between building it now and maybe not building it at all. We simply can't wait, and we won't wait. People and communities need their hospitals, and using AFP we are building them now, and I'm very proud of that.

I'm very aware of the limitations on time and I certainly don't want to take up more than I've been allotted, but as I wrap up I want to draw the committee's attention to the area of this city just a kilometre or two south of here.

We had a summer to remember on Toronto's waterfront. We put shovels in the ground at the launch of the construction of the Mimico Waterfront Linear Park. This will feature a new section of waterfront trail, a sheltered embankment, a sand dune, and cobble beaches.

In mid-August we completed the Western Beaches Watercourse Facility, the site of the International Dragon Boat Federation World Club Crew Championships, drawing over 4,500 athletes from more than 25 countries around the world.

In August we launched Quay to the City, a tremendously successful 10-day celebration that gave a glimpse of what the central waterfront will look like over the next 10 years. We transformed a kilometre-long stretch of Queen's Quay with a picnic lawn, gardens and urban beaches that hosted events.

In a nutshell, that is what the Toronto waterfront needs to be.

These projects are an example of what you can accomplish when all three levels of government come together around priorities and around plans. A revitalized Toronto waterfront will offer better quality of life, attract more businesses and tourists, and strengthen the local economy. Because Toronto is the engine that drives the provincial economy, the benefit will spread out across the province.

Before I conclude, I want to take you back to the leaders' forum. One of the speakers at the forum was John Wright from Ipsos Reid, and he had some very interesting things to say about infrastructure and the responsibilities of government. I want to quote him right now:

"The public wants a long-term view on infrastructure development and investment. It is a public that too often has witnessed infrastructure delay or decay because those decisions are oftentimes tied to a political party or entity that simply lurches from one election to another and deals with infrastructure in that time frame. What that has led to in cities like Toronto is a lack of execution, no clear plan or priority and, in many cases, effective grid-lock."

I agree with John Wright 100%. As I have tried to make clear today, our government is doing infrastructure differently. Mr. Wright went on to say:

"While there is an underlying dynamic that suggests that people really don't care who is responsible for getting these things done 'except that it gets done' so they can get on with their lives, there is an overarching belief that their provincial government bears the largest responsibility for ensuring that infrastructure is maintained and enhanced throughout their province."

I want to assure this committee that I fully take responsibility for the province's infrastructure. Mr. Wright concluded:

"The role of the private sector and the government, collaborating on various matters, is something that most of the public accepts. But there are always two caveats to this: It depends on the sensitivity of what area they are involved in as there is a huge difference in their mind between private sector involvement in hospitals and schools versus other sectoral areas; and the other is about the vigilant role of government in ensuring that the role of the private sector does not impede or overtake the intentions of public assets as instruments for the public good."

I couldn't have written a better description of AFP and our Building a Better Tomorrow framework.

Ladies and gentlemen, I hope I've been able to give you a sense of what my government and I have been doing to help lay the foundation for a glorious future in Ontario, because it really is about the future. To stretch the analogy more than I probably should, we're getting the house ready for the guests we know are coming tomorrow, because we're getting nearly four million more residents.

We're going to be ready. Our schools are going to be ready. Our hospitals and long-term-care homes are going to be ready. Our roads and bridges are going to be ready. There will be safer water and cleaner air.

We are well on our way to a renewed Ontario, to a better province: a province of prosperity, with the infrastructure we need for the quality of life we deserve for ourselves, for our children and, indeed, for many generations to come.

Mr. Chair, I want to thank you and the members of this committee for your patience in indulging me. I hope I've appropriately used the 30 minutes I've been allotted. I'd be very happy to hear your comments and take your questions now.

The Vice-Chair: Thank you very much, Minister. With that, the next 30 minutes are for the official opposition to ask questions or make comments, as you see fit.

**Mr. Hudak:** Great. Minister and Deputy, thank you very much for the presentation, and to the public infrastructure renewal team that has joined us in estimates today.

Let me start out by saying, on behalf of the official opposition, happy 33rd birthday to Paul Evans and Victoria Vidal-Ribas. There was an earlier announcement, just before my colleague Mr. Tabuns was able to join us. It's their birthday today, on Halloween. Victoria is 33 today. She was a mere law school graduate in the good old days at consumer and business services. It's good to see her again. She always gave me some good advice and kept me out of trouble.

Minister and Deputy, some opening questions. The \$30 billion that the minister speaks about in his comments today and in his plans: What proportion of that is provincial dollars?

Hon. Mr. Caplan: The only portions that are not provincial dollars would be, I believe, the \$300-million component of the Canada-Ontario affordable housing component, so \$300 million federal and \$300 million provincial; the one-third share of COMRIF from the federal government; we did not include any of the municipal dollars in the calculation of \$30 billion—and I believe as well the strategic infrastructure funds that we've partnered with, and the highway and border fund as well. We have included the federal investments in the total \$30-billion figure. I don't have the proportions here, but those are the four areas.

**Mr. Hudak:** Hospital projects? Are you counting strictly the provincial funds in the hospital projects, or are you counting the local funds as part of the \$30 billion?

Hon. Mr. Caplan: The local shares would be included, but you would well be aware that the local share policy has significantly changed. The province provides 90% now of construction costs, where that used to be, historically, a 50-50 split. I believe that was changed for certain health services restructuring capital projects. It is now, for all projects, a 90-10 split.

Mr. Hudak: I remember this, because the West Lincoln Memorial Hospital, which you and I have spoken about a few times before, was initially offered I think 60% funding, and the community said, "No, we should have at least 80% to match the hospital projects in other parts of the province," and at the end of the day you came through with 90%. We're pleased to see that; that will help out the local community. I commend Grimsby council for coming on strong and suggesting a higher funding amount.

Has that 90% funding for the hospital projects been booked in the fiscal plan?

**Hon. Mr. Caplan:** Yes. It is built into the fiscal plan. **Mr. Hudak:** So how much is it per year for these hospital projects, going forward?

Hon. Mr. Caplan: Do you mean all 100? It would be over 100.

Mr. Hudak: Yes.

Hon. Mr. Caplan: I don't know if I have a calculation on a per-year basis. Over the five years, it exceeds \$5 billion. You would be well aware that we don't book until we actually begin the construction for the hospital project. But we have more than just those individual hospital projects. For example, I believe the fiscal plan calls for about \$40 billion annually in what we call the health infrastructure renewal fund, monies to help to rehabilitate existing plant. There are more than just simply hospital investments as part of the five-year capital plan. I could provide for the committee the year-by-year breakdown and the cash flows of it, but I don't have that information with me right now.

**Mr. Hudak:** I'd appreciate that. That's a detailed question that you might not have at hand, and I understand that. If I could, the minister had indicated that he would get a breakdown of the hospital projects and how

they're booked in the fiscal plan for the committee's benefit. I'd appreciate that on a hospital-by-hospital basis, if that's possible. I assume that you do have that. If you don't, tell me.

Hon. Mr. Caplan: We'll see what the information is that we have for the committee and we'll forward it.

Mr. Hudak: Secondly, if we could get that breakdown on an aggregate amount, the \$30 billion, not simply proportion and percentage but the actual breakdown of the \$30 billion, how much is flowed directly by the province of Ontario and how much would come from the other funding sources like the federal government, the local share of municipalities etc., just so we can understand how much of that \$30-billion commitment is through the provincial treasury directly.

Minister, in your opening comments, did you say that there are 35 hospital projects proceeding currently? Did I

catch that correctly?

Hon. Mr. Caplan: There are 35 planned over the five years using AFP as a finance tool over the five-year period of time.

Mr. Hudak: So the 35 was relevant to the 3P or AFP model?

Hon. Mr. Caplan: There are over 100 projects. Some would be smaller or rehabilitation-type projects; on some we were able to use traditional means. But there are 35, so far, alternatively financed hospital projects within the plan.

Mr. Hudak: To be more specific, what I'm asking is that in your progress report you speak to 100 hospital projects; the quote is, "More than 100 hospital projects are moving forward." That's a general use of the term "moving forward." I think that some of these are press releases; on some there may be actual construction happening. How many are actually physically underway right now, not a press release, not a design plan, but

actually physically being built as we speak?

**Hon. Mr. Caplan:** I can get the exact figures for you. I can tell you, for example, about the York Central Hospital, where we flowed the funds in a traditional public-works-style model and shovels are in the ground for that, and I know the Scarborough General hospital similarly. And there are other projects like this. We can provide for you ones that are moving forward. We're especially proud-the Montfort Hospital, which was unfortunately under a bit of a guillotine order previously, has now had shovels in the ground. It is the first of our AFP hospitals to achieve commercial close and to begin construction. I believe, member from Erie-Lincoln, one of the ones we anticipate in 2007-08 is the Niagara Health System hospital. Some are in tendering phases, some are in planning and design phases, but your question was, which ones had shovels in the ground, which ones had proceeded with construction? We can provide that information.

Mr. Hudak: Shovels in the ground—I know you're using the expression. I think any politician is probably guilty of putting more shovels in the ground than project starts that have actually taken place. I'm more interested in the physical site being developed.

The reason I'm asking is that in the plan that you released, the ReNew Ontario 2005-2010 strategic planwhich was released just over a year or so ago, right?you're very specific. You said there are 105 hospital projects under the capital budget. In fact, and I do appreciate this degree of detail, you had 39 projects in progress at that point in time, and you said that in 2005-06 and in 2006-07 a further 33 hospital projects would be actually undergoing construction, not simply press releases or shovels in the ground. It says "construction start date"potential construction start date for going forward from that point in time. I think we all agree at this committee that it's absolutely important that we stick to any plans that exist, to get the infrastructure moving, particularly in something as sensitive as a hospital project. So are you on target?

Hon. Mr. Caplan: One of the really tremendous achievements was the creation of Infrastructure Ontario. They're not even one year old; I believe they started up in November of last year. I meet with and get reports on a regular basis from the chair and the CEO, because staying on target and staying on the plan-I hesitate to say it's exactly. I mean, there may be a couple of weeks here and there. But I would say, generally speaking, we are hitting our timelines as far as tenders going out, responses to those tenders and getting those projects going along the lines we had laid out in the original ReNew document, yes.

Mr. Hudak: Which assistant deputy minister is responsible for this?

Hon. Mr. Caplan: Paul Evans, the-Mr. Hudak: The birthday boy.

Hon. Mr. Caplan: Yes.

Mr. Hudak: If I could, through you, Chair, to Mr. Evans. I appreciate, having been a minister before, that you don't always have the details at hand. Mr. Evans, perhaps you could update me on—happy birthday, by the

Mr. Paul Evans: Thank you. I'm not 33, by the way.

Mr. Hudak: Believe it or not, I know members of the committee are planning a surprise party for me tomorrow. My birthday is November 1. No gifts necessary. I was born two hours after midnight the day after Halloween-just missed it.

Hon. Mr. Caplan: Was that All Saints' Day?

Mr. Hudak: It is, as a matter of fact.

Hon. Mr. Caplan: Very appropriate.

Mr. Hudak: Well, that's very kind of you to say.

Mr. Evans, in terms of the goals that were outlined in your plan in 2005, how are you on target for those hospital projects?

Mr. Evans: As the minister mentioned, there's a number of—Montfort has started construction. A number of other RFPs, for example, are already currently out on the street. I think you can find those RFPs on the Infrastructure Ontario website; a number of projects are on there. I would say that for the most part, we are on track to achieving the goals that were set out in the ReNew Ontario plan.

**Mr. Hudak:** Do you know specifically, of the 33 hospital projects that were to start in this fiscal or the previous fiscal, how many of those 33 are now actually in construction?

Mr. Evans: I would have to get that confirmed and get back to you, sir, on that.

Mr. Hudak: Do you think most? Half?

Mr. Evans: We'll let you know, as well as the AFP.

Hon. Mr. Caplan: That's traditional as well.

**Mr. Hudak:** Yes, this is listed in your plan as 105 hospital projects, which would include both traditional and AFP financing. But you don't know off the top of your head whether you're close to the 33, halfway to 33?

**Mr. Evans:** As I said, we'll have to confirm the list of both the traditional and the AFP hospitals, in terms of the definition that you've provided, in terms of the work underway.

**Mr. Hudak:** You were also very specific with the funding levels for those hospitals; for example, this fiscal or last fiscal, 10 that were valued at \$100 million or more are listed. There are 12 that are smaller projects, less than \$25 million. So you know on a year-by-year basis which hospital projects were to proceed.

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Mr. Evans: Yes. Infrastructure Ontario has been looking for the AFP hospitals. The Ministry of Health, with respect to the traditional hospitals, has a number of projects that have been approved that have been staged over the course of the ReNew Ontario period.

**Mr. Hudak:** So where does the West Lincoln Memorial Hospital fit in? What year is it scheduled to begin construction?

**Mr. Evans:** I'll have to have a look at that and get back to you. West Lincoln, 2009-10.

Mr. Hudak: North Bay?

Mr. Evans: The North Bay General Hospital?

Hon. Mr. Caplan: It's 2006-07.

Mr. Hudak: So you have a few months left in that fiscal—

**Mr.** Evans: I believe the RFP for the North Bay hospital is actually on the Infrastructure Ontario website.

**Mr. Hudak:** I know that. It's just that this is construction starts, right? The plan was construction starts.

The minister and the deputy are reading from a list. Is that a list of the hospitals and what year they're supposed to start?

**Ms.** Carol Layton: Yes. It's an internal tracking document that the agency provides. It shows the status of projects by some of the key measurable dates.

**Mr. Hudak:** Thank you. To the deputy, what kinds of projects does the internal tracking document show?

Ms. Layton: It shows the ones that have been assigned by the minister to Infrastructure Ontario.

Mr. Hudak: For?

Ms. Layton: Formally assigned.
Mr. Hudak: For hospitals strictly?

**Ms. Layton:** No, it's the full scope of the projects assigned to the agency.

**Mr. Hudak:** Help me understand what projects would be assigned to the agency vis-à-vis projects that would not be assigned.

Ms. Layton: There are two ways in particular for hospitals. Hospitals are constructed and financed two different ways in the province. There are over 30 or so that are done through the alternative financing and procurement method, but there's also the traditional ones that are funded and monitored and the oversight is provided through the Ministry of Health and Long-Term Care. The majority of hospital projects are still through that ministry.

**Mr. Hudak:** But does your document track both sets? **Hon. Mr. Caplan:** No.

**Ms. Layton:** This particular one that I have tracks the agency because the agency reports to this ministry.

**Mr. Hudak:** Okay. Does the ministry track those that are traditional funding models?

Ms. Layton: We do. Right now we're in the middle of the 2007-08 results-based plan process. In fact, it's the planning process for both the operating and capital side. That work is under way, and we will be receiving very soon from the Ministry of Health and Long-Term Care their detailed submission on capital projects.

Hon. Mr. Caplan: But there are other projects that Infrastructure Ontario has been assigned, like the Durham consolidated courthouse, like the Greater Toronto Youth Centre. There are others as well that are proceeding under their leadership.

**Mr. Hudak:** Who makes the decisions as to which hospital project will proceed?

Hon. Mr. Caplan: Can you be a little bit more specific?

**Mr. Hudak:** There will be a demand from a large number of hospitals and a limited amount of funds. They'll all make their pitches for capital projects. Who ultimately decides which hospitals qualify for funding and which ones do not?

Hon. Mr. Caplan: That's actually a very interesting question because of a conversation between ourselves and the Ministry of Health. The Ministry of Health wanted to take a look at, fairly enough and most importantly, what the health care transformations and the critical needs are across the entire province from a health policy basis. I think they had three major criteria that they used: transformation, renewal and—what was the third one? It escapes me at the moment.

Mr. Evans: Wait times.

Hon. Mr. Caplan: Wait times—as far as meeting their strategy. The other kind of filter they put on it was something that I call "regional equity." We wanted to make sure we didn't simply do everything in the city of Toronto or in northern Ontario or, with all respect to the Premier, in the city of Ottawa. We had to try to fairly meet the health care needs from across the province. So the Ministry of Health made that determination based upon a health policy basis and then, given whatever cash flows we would have available in the financial plan, we

worked to match up our estimate of what we could handle.

The other factor that we put on to it was that we tried to make an estimation of the relative construction capacity within the province of Ontario to undertake a number of these projects. You cannot do them all at one time. Even if you had all the money, you have only so many trades, so many bonded construction companies. You don't want to flood the market with tenders all at one time because you will not get the response. So it's how we could phase and stagger and stage it out. But the first considerations were health care ones. The next ones, as I say, were the regional equities. The next ones were our cash flows, and the last consideration was the relative construction capacity and ability to deliver.

**Mr. Hudak:** So, at the end of the day, it was strictly quantitative? You had a formula that, across those four criteria, analyzed which hospital projects should be a priority. Scores would have been assigned to the hospital

projects.

Hon. Mr. Caplan: I don't know if it was done with that kind of methodology. It was done through a health policy lens, and then there was the focus of the distribution of it across the province. Then of course cash flow is cash flow, whatever that happens to be—

Mr. Hudak: So, at the end of the day, these 105 hospital projects were ranked, and then you decided what

year they would fit in in your five-year plan?

Hon. Mr. Caplan: No, I don't believe there was a ranking per se. As I say, the most important was a health policy consideration. The next was a determination to legitimately meet the wait times imperative and the criteria that all Ontarians would expect and demand. As I say, the next filter, so to speak, was a measure of relative construction capacity and cash flows so that we could actually deliver on the plan. So I don't think it was like a one through 100. I know that there are even more hospital projects than that that hospital board CEOs have identified to us, and it is fully our intent to work to address some of those additional projects as well in subsequent years.

**Mr. Hudak:** Also, your 2005 plan spoke about nine new and seven upgraded MRI machines to be operating by the end of the fiscal year. Mind you, that was fiscal

2005-06.

Mr. Evans, did you keep that promise?

**Mr. Evans:** I'll have to confirm that again, and again get back to you on that. I'll have to check with the ministry.

**Mr. Hudak:** The ReNew Ontario Progress Report 2006 says that six MRI services are operating and seven have been replaced. So you are three short of what you had promised to do in your 2005 plan. Where are those three MRIs, and why did the three MRIs not get funded as promised?

Hon. Mr. Caplan: We'll follow up and provide the

details to you, Mr. Chair.

Mr. Hudak: Were you aware of this? You put out your plan just a month or so ago. MRIs are a pretty

significant investment. I'm sure the people in the communities are very happy to have the new ones, but you fell three short, and there's no indication in your progress report as to what happened to those three MRI machines. They've sort of disappeared into the ozone somewhere.

Mr. Evans: As the minister said, we'll check in with the Ministry of Health and we will get a response back to

the committee on that.

**Mr. Hudak:** Were you aware you were three short when you produced the report, Minister, a month or so ago?

Hon. Mr. Caplan: I don't recall if the nine—perhaps the language was not especially clear. My understanding was that the ReNew Ontario plan was over the five-year time horizon. I'm not sure that the characterization that you're making is correct, but as I say, we'll follow up

and report back to the committee.

Mr. Hudak: I'll just read it to you. It says, "Nine new and seven upgraded MRI machines will be operating by the end of this fiscal year"—again 2005-06, which expired March 31 of this year. There was a specific commitment that was made, and then in the progress report that came out just a few weeks ago the number has mysteriously dropped down to six new MRI services and seven replacements. You kept the promise on the seven. It's just that there are three missing MRIs, and it was a very clear commitment in your plan.

I'm happy to see these clear commitments because I think that gives taxpayers faith that there actually is a plan in government and through this ministry to deliver. The problem is that the rest of the document and the progress report are rather nebulous. There are large groups of funds and vague numbers of projects that are said to be moving ahead. I hope, through this, we'll get a better understanding of which projects are geared for which specific year; for example, as I mentioned earlier, which hospitals projects are scheduled for which year for construction and their completion dates. Obviously the role of this committee is to make sure that those commitments are kept. That's why I featured, where you did have some degree of detail, the hospital projects and those MRI projects.

Who makes highway decisions in government? Who decides which highways are going to get funded in the

fiscal year?

Hon. Mr. Caplan: It's a similar kind of decision-making process that I've described to you with health care. The Ministry of Transportation for southern Ontario and the Ministry of Northern Development and Mines for northern Ontario have purview over, from a policy perspective, which highways, either for safety reasons or for economic development reasons, require expansions, rehabilitation, widening—all of those kinds of things—and I think it has ever been thus. They come forward and talk to us, and we measure relative cash flow, construction capability and availability, the ability to deliver over the time period, and we try to match those things up. But the prioritization is determined by line ministries. As a general rule, you don't want the financial ministry to be

the driver on the public policy decision. You want the Ministry of Transportation, the Ministry of Health, the Ministry of Education or so on to be the major driver on what road, where it's required, the reason for the upgrade and what the safety considerations are, and then to match up the financing afterwards.

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Mr. Hudak: And college and university capital projects?

Hon. Mr. Caplan: It's similar.

**Mr. Hudak:** What capital decisions do you actually make in public infrastructure renewal?

Hon. Mr. Caplan: As I say, it's a collaborative kind of ministry. I remind my colleagues and members of this committee that capital is the enabler. The key for any public service is, what is the public service? Do you want to reduce wait times? Do you want to lower class sizes? In the case of our government, the answer is quite clearly yes. So what are the strategies? What is the capital envelope? What is the place where teachers and students will go in a learning environment? What is the place where doctors and nurses and patients will go in a health care environment? What places from a health or education perspective are required to be in place, and when are they required to be in place? We've also tried to overlay—and I can see this is rather a challenge—in some parts of Places to Grow, as I've spoken about in my comments, where the population is going to be over the course of the next 25 years so that we can plan our investments appropriately. So it's that collaborative way.

That was the reason, Mr. Hudak, that I believe the Premier created the ministry of infrastructure, and I would give full credit. The previous government recognized it was important to have a separate agency, a separate arm there to deliver capital programs, which even previously they would not have done divorced from the key policy areas that health care or education or transportation would have. So this is a very collabor-

Mr. Hudak: Thanks.

Hon. Mr. Caplan: Well, if you'll let me-

Mr. Hudak: No, thanks. I don't think so. It was a good answer. I was just asking a quick question in terms of what decisions you actually make on capital. I'm happy that public infrastructure renewal—

Hon. Mr. Caplan: The other key area that we—

Mr. Hudak: Minister, if I could. You've got a lot of talent there. You've got the deputy, you've got Evans, you've got Graham—a lot of good people there behind you. What we want to make sure happens is that in your five-year plan, to make sure you hit your 30-year growth targets, you can actually have a real role in ensuring that the infrastructure decisions actually fit that. It's not meant as a question, just a general concern.

I'm being supportive, because I think Caplan's doing a solid job on the communications being put out there on this. I just think they should give you more power to make some of these decisions on the capital side so that it actually fits in with the plan. I was holding you to

account five minutes ago for hospital and MRI projects, but it's that Smitherman fellow who's actually making those decisions. So the next time the Premier's looking at the descriptions of the ministries, you can say that Hudak says to give Caplan more responsibility on the capital project side.

**Hon. Mr. Caplan:** I should say, first of all, I feel a great deal of confidence in the public servants in public infrastructure renewal. They are some of the most high-calibre and high-quality people I've ever had the pleasure of working with. So I fully concur with you.

One of the other really key areas that we do work on is federal-provincial negotiation. In our first two years alone, we concluded something along the lines of \$5 billion in federal-provincial-municipal cost-share agreements. Again, I think that was a key highlight for us.

There are a number of roles that we play, and while I appreciate the support from my colleague from Erie-Lincoln, I do think that other colleagues around the cabinet table and other ministries play a very key role in the collaborative nature that a government really should bring to the kind of public policy and investment regime it has.

Mr. Hudak: I'm just trying to be helpful. Hon. Mr. Caplan: Well, thank you.

Mr. Hudak: You do have a capital budget: Your estimates for 2005-06 reported your capital to be \$277.4 million, and your interim actuals were \$67.7 million. In short, there's a \$210-million shortfall for public infrastructure renewal capital. It's on page 21 of the public accounts document. I realize that there's a contingency fund as part of that, but despite the contingency fund, you fell well short of your capital goals. What happened? What projects did you decide not to fund in 2005-06?

Hon. Mr. Caplan: I believe that it's mainly the contingency fund, which is returned back, as it always has been in the budgeting of the province of Ontario, to the finance ministry. I'm curious, though, whether there was an effect of consolidation that may have had a difference. I'll ask Paul Evans to perhaps provide some insight.

Mr. Evans: As the minister mentioned, I think probably the largest difference there was the capital contingency fund, which is usually zeroed out at the end of the year, as you know.

In terms of some of the other issues with respect to the ministry's capital, I certainly can say, for example, in terms of some of the transfer payments for the Toronto waterfront revitalization, that due to some delays in some of those projects, there was some slippage on some of those projects. But again, I would say, on the point of the tri-government agreement over the 10-year period of the waterfront vision, that we're very confident all of those projects will be delivered as per that 10-year waterfront vision.

**Mr. Hudak:** You take the \$175 million—sorry, it's a \$150-million contingency fund in 2005-06 and \$175 million this year, right?

Hon. Mr. Caplan: I believe that's correct.

**Mr. Hudak:** You fell \$210 million short of your estimates in 2005-06. So there's \$60 million in projects

that were budgeted, capital projects, that didn't follow through. So here you have the ministry that's supposed to be pushing the capital process and investing in infrastructure, and you had about an equal amount of projects that you did and did not fund: You funded \$67.7 million on the capital side and you fell \$60 million short. Why should other ministries—well, I won't ask the question. Specifically, I'd like to know which projects of that \$60 million did not go forward, why they didn't go forward and when they will be completed.

The Vice-Chair: This will be the last answer for this particular round, and then we'll go to the third party for

20 minutes.

**Mr. Evans:** I'll have to defer to my colleague the chief administrative officer for the ministry on some of the other capital funds. I'll have to check my notes and get back to you on the remainder of that question.

**The Vice-Chair:** Thank you very much. To the third party: Mr. Tabuns, I don't think you were here at the beginning. We'd planned on adjourning at 5 today.

Mr. Peter Tabuns (Toronto-Danforth): I understand that.

**The Vice-Chair:** With that, you have the next 20 minutes, if you wish.

**Mr. Tabuns:** Thank you, Minister, for presenting today. I apologize for having missed the beginning, but that's life.

One of the issues I've been raising with the Minister of the Environment is climate change. She's said to me that all ministries have responsibility for climate change, that they're all in there, they're all pulling hard. You are talking about the need to spend about \$100 billion over the next 30 years on Ontario's infrastructure, so I would assume that you're going to have a pretty substantial impact on the kind of infrastructure we'll have for the next few decades. Is that a fair statement?

Hon. Mr. Caplan: As I said in my opening remarks, these are generational investments. Regrettably, in the past, they were made with a lens toward the next election cycle. Really, the mindset has to be over the longer term, which is why we've introduced a growth plan for the greater Golden Horseshoe to lay a blueprint for how we're going to be moving forward, and the first ReNew Ontario plan, a five-year plan for investment. As I said in my opening remarks, these are just a beginning toward working down some of these larger what I believe are now well over \$100 billion in infrastructure requirements.

**Mr. Tabuns:** Has your ministry been assigned a formal role in fighting climate change here in the province of Ontario?

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Hon. Mr. Caplan: Yes, as a matter of fact, a number of initiatives that I think the member will be quite interested in. If I could highlight three or four of them for you, one is investment in transit. I would say that we'd seen, with the previous government, an offloading of transit onto municipalities. At the very late stage they did upload it, but there was not a great deal of investment

there. One of the first things I had the pleasure of doing was negotiating about a \$1-billion fund through a strategic infrastructure agreement with the federal government for a state of good repair for the TTC; another \$1 billion to fund the GO 10-year capital plan, a significant transit expansion, as well as part of the Move Ontario initiative, which I've mentioned and which was in the budget, which was a couple of different transit projects: expansion of the subway up to Vaughan; also, the Brampton AcceleRide, Mississauga BRT, and support for the York region Viva as well.

Also, I think the member is very familiar with something called LEED, the Leadership in Energy and Environmental Design standard. In fact, the member might be interested to know that the design of the West Don Lands, a precinct of the Toronto waterfront, and the build-out of it will conform to LEED standards. Not only that, but the Archives of Ontario, a project that we are supporting—we've asked for I believe the LEED silver standard to be achieved in the RFP and in the tender document. For the Durham consolidated courthouse in Oshawa we're also trying to hit the LEED silver standard.

I'm not underwriting that we'll be able to do it, because we're very young at this game, but we have some very ambitious plans. Also, I believe there are a couple of other projects that Paul might be able to share with you.

But there are some additional things that we're doing.

We had set, three years ago—

Mr. Tabuns: Excuse me, Mr. Minister—

Hon. Mr. Caplan: I want to give you a full answer.

**Mr. Tabuns:** I know you do, but I want to ask a question and then I'll put the rest of your answer in the context of that.

Hon. Mr. Caplan: Okay, just let me have one more, then. We'd set a target in 2003 to reduce the government's own energy consumption by 10%. I can tell you that if we're not at 100% of that goal yet, we are something like 90% or 92% of the way there and we will easily hit that target. I anticipate and look forward to having our next target for energy, showing leadership in energy reduction.

I haven't talked about our plan to curb urban sprawl in the greater Golden Horseshoe or the deposit return system that we're implementing for the LCBO and in partnership with it. But those are four or five different environmental strategies related to climate change and the like, and I'm happy to expand on it if the member would like.

**Mr. Tabuns:** How many megatonnes of greenhouse gas reductions will flow from those investments?

**Hon. Mr. Caplan:** I don't know if we've measured it in those terms such that I can provide an answer to you.

Mr. Tabuns: I'd appreciate it if I could have an answer.

Hon. Mr. Caplan: I don't know if we even produce the information in that format. We can try, but I don't know. I don't have it right now. I'll take it under advisement, and if we can reply, we certainly will provide a reply to the committee.

Mr. Tabuns: So, Minister, you actually don't have a target in reduction of greenhouse gases. You've been given a direction, but you don't actually have a target. You don't know whether you're reaching the targets that we need in this society. Is that correct?

Hon. Mr. Caplan: I think I just indicated that there are about five key areas that our ministry is either investing in or we are making sure that we're planning for to be able to meet some of the overall government and societal objectives that we have for good environmental practice and for climate change greenhouse gas emission.

As I say, I don't have that information. I don't know if it's formatted in that particular way in our ministry. If it is, I am happy to reply and to share that with the committee at a later time. I just don't have that with me right at this moment.

Mr. Tabuns: My concern is that, obviously, if you don't know what you're aiming for in terms of reducing emissions, you don't know when you've gotten there. Yes, you can spend all kinds of money. The federal government did, and the federal Auditor General's office recently reported that there were \$6 billion worth of announcements federally and no reduction in greenhouse gas emissions. So in order to tell whether you're actually doing something, we need to know what your target is and whether you're going to meet that target.

Hon. Mr. Caplan: I hope, Mr. Tabuns, that you would agree with increased investment in transit, certainly, building LEED certification standards into tenders for public buildings, reducing government's own use of energy, a deposit return system for alcohol beverages in the province of Ontario, a growth plan aimed at reducing urban sprawl. I would hope that you would agree with these kinds of measures as a means towards the ends.

Mr. Tabuns: If they were effective measures, Minister, I'd agree with them. If they're not effective, then I won't be happy. I want to know if they're effective, and to that extent I ask what the target is and whether you've made the target. If you're not looking at actual emission reductions, you can spend all the money you want, but the virtue is not there, because you're not actually dealing with the problem that we have.

We'll go on to the next one, though.

Hon. Mr. Caplan: If I might reply, I think you would have to ask the Minister of the Environment for whatever targets are set. Your question to me initially was, based upon your conversation with the Minister of the Environment, that each ministry has a role to play as far as meeting some of these important objectives. I think I've outlined five very solid ways that the Ministry of Public Infrastructure Renewal is contributing to the government overall. But I really think your question may be more appropriate to the Minister of the Environment.

Mr. Tabuns: Well, the Minister of the Environment tells me it's all the ministries. You're a significant minister. You're going to set in motion \$100 billion worth of investment over 30 years. You're going to be setting the direction. Frankly, if I don't know what your target is and if you don't know how you're measuring

emission reductions, then one will never know if you've actually done what was needed to be done.

Do you have guidelines respecting adaptation to climate change built into your programs going forward? We're going to see more intense weather events, we're going to see more flooding and we're going to see more problems with expansion joints dealing with greater heating. Is that incorporated into your planning now?

Hon. Mr. Caplan: I'm going to ask Paul Evans.

Mr. Evans: Certainly with respect to ministries, for example, the Ministry of Municipal Affairs and Housing, which makes provision for municipal disaster assistance in case those sorts of things occur; the Ministry of Natural Resources in terms of looking at and ensuring that there's adequate protection of the dams, the conservation authorities' dams. We're investing in partnership with conservation authorities in those types of pieces of infrastructure. I think Minister Caplan spoke about it in his opening remarks around the asset management planning that we're asking ministries to do, that they are looking at, again, the service life, the service quality of their particular assets to ensure that, from a public health and safety perspective, they have those proper plans in place. So it is part of the planning that we ask ministries to undertake.

**Mr. Tabuns:** So when you design new bridges, when you put culverts into areas where you're bridging streams etc., you're planning for a different climate. Is that correct?

Hon. Mr. Caplan: Remember, of course, Mr. Tabuns, that we finance that. The Ministry of Transportation determines the standards, the materials, all of the particulars around what they design. They have engineering staff and hire others to be able to do that. We provide the finance to make the investment they wish to make in expanding roads and bridges, or in building transit systems, or in building new hospitals, or in financing water and sewer systems.

It's important to understand the important roles that ministries themselves play in determining what the specifications are that will meet the requirements they identify.

Mr. Tabuns: My concern is that you're funding projects that may not be adequate to the task that will be before them. If we have road washouts, if we have problems with the stability of bridges, money you've invested on behalf of the people of Ontario and the lives of the people of Ontario will be at risk. The World Bank has issued guidelines for its development projects around the world, saying, "When you take our money, you prepare for adaptation." As a minister who's setting in motion very substantial investments in this province over the next few generations, are you setting forward guidelines and, if you're not, are you preparing to meet with ministries to make sure they're proper stewards of our funds?

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Hon. Mr. Caplan: That's precisely what we do. What we started is quite a unique enterprise in government itself: the creation of the Ministry of Public Infrastructure

Renewal, one place where we deal with capital, particularly with finance, but also with the delivery of it.

Right now, we're engaged with our ministry partners in what we call round tables, where we sit in a format much like this and we talk and get some idea about what ministries see as some of the particular pressures, the transformation strategies, what they feel they will need over the longer term to be able to meet some of the goals that they identify, whether it's health or whatever. We ask them to provide to us with regard to two key areas well, not two key areas, but in two mindsets. One is, for the assets that we have already invested and that are in place—in the ground, so to speak—what investment is going to be required to keep them in a state of good repair, to rehabilitate, to make sure that we get the longest life out of the asset? The other is, what do we need for growth and expansion in our communities and in our economy? Of course, we're asking that proper life cycle practices, like going to a LEEDS standard, be built in as we can.

I would say, and I did say in my opening comments— I do regret that you weren't here—that we're very young at this game. This has only just started as an enterprise of government in the past three years, and so-

Mr. Tabuns: Okay, Minister, can I just go back? So you are concerned about the life cycle expenses related to these assets. You meet with those ministries. Are you giving them guidelines and are you directing them to prepare for adaptation?

Hon. Mr. Caplan: We're giving them the guidelines around proper life cycle practices and maintenance. I don't know that I've ever used that specific terminology in my conversations, but we're trying to work with ministry partners on proper asset management practices and full regard for life cycle practices. That's one of the real strengths of the hospital financing model that we brought into place, that we can build in long-term maintenance and proper life cycle over the life of the asset.

Mr. Tabuns: Are you telling them to get ready for a different climate? Are you telling them to prepare for a different reality for physical assets over the next few decades? Is that part of your instruction?

Hon. Mr. Caplan: Probably in different terminology than you're using. I would say, yes, that we're using—I think we're using some different language, but I do think that we're asking ministries to think in terms of the entire life cycle of the asset that we're looking to invest in.

I'll give you a great example: We've discovered that some of the bridges which had previously been built are incredibly hard to access because they weren't built and designed in a way that would allow proper maintenance of them. So in the design, the engineering people that the Ministry of Transportation would employ would have to then think about how they would be able to ensure that over its lifetime, over the next 100 years, if that was appropriate for that particular structure, it could be accessed, that it could be maintained. I think we're talking about the same thing, Mr. Tabuns.

Mr. Tabuns: You're making my argument; you do give instructions to these people about how to do things properly. If you have guidelines for adaptation to climate change, I would like you to table them.

Hon. Mr. Caplan: I don't think we've ever used that terminology, and I can certainly have the ministry folks go back and take a look. But I think we talk in terms of

Mr. Tabuns: Well, they're two different things. You can have life cycle planning that does not take into account the impact of climate change, and you can have life cycle planning that does take into account the impact of climate change. You apparently don't have one. I would think that's an oversight, given the scope of the investment that's going to be made in this province.

I'd ask, through you, are you telling these ministries to prepare for infrastructure that will have to deal with much stormier weather, much higher temperatures, far more problematic environments overall because of

climate change?

Hon. Mr. Caplan: I'm happy to provide the documentation that we have, but I don't ever recall in the instructions that the specific language that you're using is contained in the way that you're using it. We can show what we have, but I'm not sure that it is specifically as you've talked about it.

Mr. Tabuns: I suspect that if it isn't, then it won't address it, but I look forward to you tabling it.

On a different tack, energy, you're on track to reduce electricity demand in Ontario government building stock by 10% by 2007.

Hon. Mr. Caplan: Well on track. In fact, we should hit our target before the March 2007 deadline.

Mr. Tabuns: Can you tell me what you've spent on that and what it has cost per kilowatt hour?

Hon. Mr. Caplan: We can get that for you.

Mr. Tabuns: Okay. And what are you doing to reduce other energy demand—natural gas for heating, any other fuel that you use for heating and operations?

Hon. Mr. Caplan: I can tell you that a 10% reduction in government's energy usage was quite an ambitious program and we're quite pleased with the fact that we were able to bring that in.

Deputy, you may wish to comment.

Ms. Layton: Specific to the role that we play with the Ontario Realty Corp., which is of course the agency that provides the facilities, improvements and all of that, there are two different things out there. There is the energy savings target, and as the minister said, we're well on track to achieve that. There is also-

Mr. Tabuns: For clarification, are we talking energy overall or electricity?

Ms. Layton: Largely electricity, in the case of the government and its real estate holdings.

The other point I just wanted to make there is that we also have an accommodation savings target, which is also about just making sure that we better utilize the space that we have. So there is, in that context, a greater utilization of the space we have, including the turning back of space. So we're looking for opportunities to better co-locate and consolidate and all of that, and also introducing reduced standards as far as the actual space that a public servant, for example, would occupy. So all of that contributes to a better use of the space that we have and, in the case of the leased space, being able to also turn that sort of space back to the owners.

**The Vice-Chair:** Can we just get a quick question now, Mr. Tabuns? You have about two minutes left.

**Mr. Tabuns:** So are your savings in energy predominantly through reducing the amount of space the government uses or by reducing the amount of energy per square foot?

Ms. Layton: There are a number of different initiatives, and my colleague Joyce could comment on it. There is also, for example, the deep-water cooling method. I can't give you the specifics on exactly how that will contribute. It is about the space as well. It's easily about things like walking into rooms and lights going on and off automatically. There are many different techniques that have been deployed, such as, obviously, leasehold improvements that increase the efficiency of windows and all of that as well. So it's about upgrading our space, in a sense, to make it more energy-efficient.

Hon. Mr. Caplan: Take this room as an example. You've taken your jacket off. I think I'm sweltering

underneath mine. It's quite warm. Many of the government buildings were not built with regard to proper energy and water and other kinds of environmental measures. That presents a significant challenge in being able to reduce the amount of energy usage and bring them to a point where we can have the proper kinds of practices. But notwithstanding that, because of the kind of leadership that the Premier has insisted upon, we have reduced—we may not be 100% yet, but we are 92% or somewhere in that vein—the government's energy consumption and will have hit that target easily by March 2007.

The Vice-Chair: Okay. Thank you very much, Minister, and all the staff who arrived today.

Mr. Tabuns, you'll begin tomorrow. You'll have 10 minutes to begin with, if you can.

Mr. Tabuns: That would be great. Thank you.

The Vice-Chair: With that, we'll adjourn the committee until Wednesday, November 1—which of course is Mr. Hudak's birthday; he'll probably accept gifts or cake or something—at 3:30 or following routine proceedings. We'll be in room 1 tomorrow, everybody. With that, the meeting is adjourned until tomorrow.

The committee adjourned at 1659.







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# Official Report of Debates (Hansard)

Wednesday 1 November 2006

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Mercredi 1<sup>er</sup> novembre 2006

Standing committee on estimates

Ministry of Public Infrastructure Renewal

Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique

Chair: Tim Hudak Clerk: Katch Koch Président : Tim Hudak Greffier : Katch Koch



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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Wednesday 1 November 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 1er novembre 2006

The committee met at 1601 in committee room 1.

The Clerk of the Committee (Mr. Katch Koch): Honourable members, it is my duty to call upon you to elect an Acting Chair. Are there any nominations?

Mr. Peter Tabuns (Toronto-Danforth): I nominate Mr. Yakabuski.

The Clerk of the Committee: Are there further nominations? Being none, I declare the nominations closed and Mr. Yakabuski elected as Acting Chair.

### MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Acting Chair (Mr. John Yakabuski): We're here to resume consideration of the estimates of the Ministry of Public Infrastructure Renewal. There's a total of six hours and five minutes remaining. When the committee was adjourned, the third party had 10 minutes in their rotation. Mr. Tabuns.

Mr. Tabuns: Thanks to research and clerks for providing us with this memorandum about outstanding questions. I just want to note that question number 6—I don't know precisely how it came across in Hansard, but if it needs to be corrected, I'd like to have it stated that what I want to know is the greenhouse gas reduction target, in megatonnes, for the Ministry of Public Infrastructure Renewal overall. I've mentioned this to Mr. Richmond of legislative research. I'd like to know the reduction target in megatonnes and the timeline for those reductions. I have a suspicion that the number doesn't exist, but I'd like to establish that.

The other issue is that of Ontario's energy reduction target, and that was the question that we ended off on vesterday. In the document I have, Results-Based Plan Briefing Book, there's reference on page 11 to "Implement projects to reduce electricity consumption in government buildings by 10% by 2007." I know that the detail that was set out in this memo captures some of it. but I'd just like to go through so that the minister knows precisely what I would like. The first is the total government electricity consumption; secondly, the amount by which that consumption will be reduced by 2007, by the end of that planning period, the 10% plan, the cost of investment to achieve that reduction; the cost of investment expressed in cents per kilowatt hour. For instance, putting in \$100,000 may be calculated out as a two-cents-per-kilowatt-hour expense, actually reduce consumption. The fifth point would be average time for investment to pay for itself. The sixth would be net dollar savings to provincial operations. So the government will have made an investment in these buildings. They will have reduced consumption of electricity. There'll be an expense for the investment and there should be a savings from that investment. I'd like to know what those numbers are.

I did ask, and there was a bit of confusion at the end of the day yesterday, about the plans for reduction of energy consumption in the non-electrical area. I assume that, besides electricity, government buildings use natural gas. I doubt that we have many coal-fired buildings left, but who knows? There may be heating oil used in some remote locations, I don't know, but I'd like to know what the plan has been for reducing non-electricity energy and what has been achieved since this government came to power.

With those notes made for the record—guidelines for energy efficiency in all new buildings being built by the government of Ontario: What is the standard?

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Before I get to that, the member, Mr. Tabuns, has asked some questions and I can provide some information to him. So far, in 2004-05 and 2005-06, we've had several project types: building retrofits and upgrades, electrical lighting refits and lighting control systems, HVAC—heating, ventilating and air conditioning—and building automation systems, mechanical steam converters and hot water tanks, plumbing, including boilers and domestic hot water heaters, windows, doors, buildings and the building envelope. Over that period of time, in 2004-05 and 2005-06, for 285 projects the total cost was \$54.3 million. The total in kilowatt hours savings annualized was \$27.4 million.

We had some additional special initiatives in that period of time, 2004-05 and 2005-06, special initiatives that we would call sub-metering, cogeneration or work that was done to jails and detention centres. There were nine such projects, totalling a cost of \$6.9 million. The total million kilowatt hours saved annualized is 0.7, for a grand total of 294 projects, was \$61.2 million and 28.1 million kilowatt hours in savings.

Over 2006-07 and 2007-08 projected, because some of that work is ongoing: building retrofits and upgrades; electrical lighting retrofits and lighting control systems; HVAC and building automation systems; mechanical

steam converters and hot water tanks, plumbing, including boilers for domestic hot water; windows, doors and the building envelope—the number of projects is 104. The total cost is \$19.2 million, with 12.4 total million kilowatt hour savings annualized, and some of that is projected, of course.

Again, under the heading of special initiatives: submetering, cogeneration, deep lake water cooling, jails and detention centres—18: total cost of \$17.3 million. Total million kilowatt hours in savings annualized is 41.9 million, for a grand total of 122 projects, \$36.5 million, 54.3 million kilowatt hours saved, annualized.

In sum, electricity reductions, total achieved and projected: number of projects, 416. Total cost: \$97.7 million. Total million kilowatt savings, annualized: 82.4. As this information has been requested, we'll work to provide similar kinds of analysis and to reply back to the committee.

#### 1610

**Mr. Tabuns:** Thank you, Minister. Your recitation of information was useful and it reminded me that, for electricity, I've asked what the start point was and what the end point will be. I'd like to know what the start point was and the end point will be for the other sources of energy.

**Hon. Mr. Caplan:** Sure. If it's available, we'll provide the information to the committee, Mr. Chair.

Mr. Tabuns: That would be great.

My next question is, for any new construction this government engages in, what is the energy efficiency standard that is set for those buildings?

Hon. Mr. Caplan: I mentioned yesterday in my comments in reply to the question from Mr. Tabuns that, for example, for the new Archives of Ontario, we've set the silver LEED standard in the request for proposal, as well as in other buildings we have out for tender, like the Durham consolidated courthouse. We are, as I did caution yesterday, very new at meeting these particular standards. We do feel it's important for the provincial government to get into the game, so to speak, and show that kind of leadership. We're calling on our partners who will be ultimately bidding on these particular projects to show us how that can happen and what the life cycle analysis is.

There are several other buildings that I've been made aware of, I believe one in Kingston. There was another one as well that we have issued similar guidelines for in the request for proposal documents, and I'm happy to share that with the committee.

**Mr. Tabuns:** Are these one-offs, or has the government of Ontario determined that LEED silver is the base efficiency standard for all new buildings that it will build?

**Hon. Mr. Caplan:** I hesitate to say it's a base standard, because I do know that there is something called gold LEED, and platinum as well.

Mr. Tabuns: That's right.

Hon. Mr. Caplan: I would like to believe that we will gain enough experience to be in a position over a period

of time to be able to achieve those kinds of standards. However, at this moment in time, having never had those types of—

The Acting Chair: There's about one minute left.

Hon. Mr. Caplan: Thank you, sir.

Having never had those specifications written into requests for proposals, written into the offerings for renewal of public buildings, I think this government—and I hope the member would want to congratulate the government for taking and showing the leadership in stepping forward to insert these kinds of standards into its move forward. I also would indicate to the member and to this committee that the West Don Lands precinct of the Toronto waterfront is designed to LEED standard, as well.

Interjection: Gold.

Hon. Mr. Caplan: To LEED gold standard, I'm told. That will entail, I believe, the construction of over 6,000 residential units, of which 1,600 will be affordable, and a new park and commercial and retail space to complete just a magnificent revitalization program on the Toronto waterfront.

The Acting Chair: Thank you very much, Minister. That concludes the time for the third party. The minister

now has 30 minutes for the right of reply.

Hon. Mr. Caplan: Mr. Chair, I want to thank you and I want to thank this committee for the interest so far. As I said in my comments yesterday, the role of this committee in providing oversight and holding the government to account for its budgeting and spending decisions is, I think, of supreme importance.

I want to come back and share with this committee some work that, of course, we are very proud of. It's called ReNew Ontario. ReNew Ontario is a \$30-billion, five-year infrastructure investment plan, historic in terms of the kind of investment, the kind of rehabilitation and growth work to support the transformation of lowering wait times, lowering class sizes in the early grades. I want to share with this committee that we are on track to deliver over \$30 billion in infrastructure investment by 2009-10 in co-operation with our partners.

In the first two years of the plan, the province invested more than \$11 billion in its own infrastructure, well on the way to achieving or exceeding the five-year, \$30-billion total planned investment and providing funding for more than 100 hospital projects right across the province over the next three years.

Just some highlights: An additional 104 first-year medical school places will be opened in six locations around the province. Four locations will be new satellite campuses. This will allow students to complete significant portions of their training closer to home. As my colleagues have shared with me and with Ontarians, when you train people from the communities in which they reside, they are much more likely to stay and be able to provide critical medical services to the residents of those communities.

We have slowly but surely begun to reverse the direction that we've seen in this province as far as underserviced communities, where I believe the Minister of Health has said that over 400,000 Ontarians who did not have access to primary care now will have, and we look forward to expanding the ability of the province to provide much-needed medical services closer to home and in the communities where people are living.

Other highlights: In September 2005, the MaRS Discovery District, not steps from this Legislature, opened: a convergence and innovation centre that will help to foster research and innovation. Additional funding to support the completion of the west tower was announced in the provincial budget on March 23, 2006. These investments will help Ontario stay in the forefront of future job opportunities, first of all, by bringing together world-class researchers in health and related sciences, our wonderful partners at the University of Toronto, private sector expertise and investment, and will help to commercialize that research into the next wave of job opportunities to fuel the future economy and prosperity of the province.

Our gas tax funding program provided municipalities with \$192 million in 2005-06 for public transit and I believe \$313 million—I stand to be corrected, of course—in 2006-07. Public transit has required much-needed support and expansion. I would note that public transit had previously been downloaded on to municipalities and has subsequently been uploaded, and this government has made a significant investment in helping people and goods and services to move around the various regions and to support much-needed investment in this area.

In August 2005, I had the great pleasure to be in Sudbury with my colleague the Minister of Northern Development and Mines to announce the northern Ontario highway strategy, a \$1.8-billion, five-year plan for highway improvement and expansion in northern Ontario—not just improvement and expansion for its own sake, but for road safety and to create the critical economic lifelines which will help to make northern Ontario a full partner in Ontario's economic prosperity.

We're moving forward on our \$300-million investment in the Windsor gateway, the critical access point for so many of our business opportunities. I saw some very interesting data, that of trade-dependent jurisdictions in the world, Ontario leads all of them. Something along the lines of 56% of our GDP is export-oriented; 75% of that, of course, is auto sector down to the United States. The borders are of such critical importance to make sure that people and goods can flow across and our businesses have opportunities to meet just-in-time delivery cycles and the like. The investment in the Windsor gateway, as well as the \$323-million investment in the Niagara and Sarnia border crossings: utterly key.

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I can tell you that this government has made border and highway investments our number one priority. I've had a chance to meet and communicate with my federal colleague, the Minister of Transport, Infrastructure and Communities, Lawrence Cannon, and we've repeatedly pressed that home. We have a concept of something we call a North American gateway.

Members might be surprised to learn that 40% of the value of goods being exported from the province of Quebec travel over Ontario roads and access that key border point. So it's not simply a critical point of departure, a point of egress for Ontario businesses but indeed for Canadian businesses, from Ontario to Quebec and many other partners in Confederation.

Again on some of the highlights of ReNew Ontario: We remain committed to revitalizing the Toronto waterfront. I just had a chance to share with my friend from Toronto-Danforth some of the wonderful work on the West Don Lands. Work has begun on a new community in the West Don Lands. In fact, I go down there quite often and say somewhat tongue-in-cheek that it's the most beautiful pile of rubble that I have ever seen, on Cherry Street right beside Toronto's historic Distillery District. The creation in that neighbourhood of Don River Park—the starts of transit being brought from the King streetcar down Cherry Street. We're doing things right: the environmental remediation. Work has just begun there; but on the western Beaches watercourse, the central harbourfront, the Union Station platform, the construction of Mimico Park, the harbour's edge project. The Toronto waterfront is indeed an area of great pride for this government because so much has happened in such a few short years.

I want to highlight for the committee as well an initiative from the 2006 budget, presented by my colleague Dwight Duncan, called Move Ontario. The plan has been greatly enhanced over the initial launch of the \$30-billion ReNew Ontario plan. In that 2006 budget, additional investments in infrastructure were announced. Move Ontario is a new \$1.2-billion investment in transportation infrastructure, including \$838 million in funding for new public transit in the greater Toronto area, Mississauga, Brampton, up to York region, extending the subway, support for York region's Viva and much else, including \$400 million for roads and bridges in Ontario municipalities primarily outside the GTA.

Of course, we invite our federal colleagues to partner with us to build the much-needed and critical public transit infrastructure that will be required to help move goods and people around this region and keep us healthy and vibrant and prosperous for decades to come.

When it comes to the education sector, that is, too, another area of enormous pride for us. As of August 2006, urgent repairs and construction are under way at 3,000—I repeat, 3,000—projects in schools right across the province, providing our students with healthy and comfortable learning environments and providing our teachers with the critical places for them to be able to teach the future generation of leaders and residents in the province.

To help bring class sizes down, we've invested up to \$50 million this year to support critical capital projects. We needed to create more spaces for primary classes. The government is funding new schools and expanding others to meet growth requirements.

The Ontario government provided \$60 million in 2005-06 to Ontario's colleges and universities to main-

tain and improve classrooms and laboratories and to purchase and modernize equipment used in college and apprenticeship training programs. This stands in stark contrast to the half-billion-dollar cut inflicted in this sector by the previous government, and we are quickly working our way through those dire times into a new era of investment in elementary but especially in post-secondary—universities, colleges and training programs.

The government is also creating opportunities for young people and supporting innovation by boosting the number of graduate spaces in Ontario by 55% over the 2002-03 levels. In September 2006, we announced that we would boost the number of spaces by 12,050 over two years, rising to 14,000 new graduate school spaces by 2009-10.

Health care is critical to all Ontarians and critical to this government as well. More than 100 hospital projects are moving forward. People from across this province will have access to new and redeveloped health care facilities as we continue our work on hospital projects in North Bay, in Sioux Lookout, in Sault Ste. Marie, in Halton, in Grimsby, I say to my friend from Erie–Lincoln, in Woodstock—and happy birthday, by the way, Mr. Hudak.

#### Mr. Tim Hudak (Erie-Lincoln): Thank you.

Hon. Mr. Caplan: —in St. Catharines, Toronto, Peterborough, Markham, Belleville, Ajax-Pickering, London, Mississauga, Sarnia, Sudbury, Mattawa and many, many more. It stands in stark contrast to the absolute decline in the level of support for our hospital sector: 28 hospitals closed over the reign of the past government. Ours has very much a different philosophy as far as investing in health care capital, as far as expanding access to services, as far as lowering wait times. In fact, we're planning for construction and expansion of new cancer programs in Barrie, in Newmarket, in St. Catharines and in Sault Ste. Marie. Terry Sullivan, the president of Cancer Care Ontario, has congratulated this government for taking the Cancer Care Ontario plan and fully implementing it. We are very excited about the prospect of expansions in other places—I know my friend from Leeds-Grenville will be pleased to know this—in Ottawa and in Kingston, so that residents in eastern Ontario too will have access close to home to cancer services when cancer affects loved ones in a tragic situation. We, too, want to be there to support eastern Ontario and eastern Ontario residents.

Ontarians are getting top-quality MRI exams more quickly as a result of the nine new hospital-based MRI services in Ontario since May 2005, replacing seven old MRI services. The government has reduced the wait times for MRI scans by 23.3% since November 2004. In fact, yesterday, my colleague from Erie–Lincoln asked about the nine MRIs. We are providing, with our colleagues in health, the answers to that very detailed question that the member did ask, but we are very pleased that we have moved forward with this particular initiative.

Interjection.

Hon. Mr. Caplan: I think I actually have it. The status of the nine MRI service expansions, for the

members of the committee: Grey Bruce Health Services in Owen Sound, start date, August 6, 2004; Queensway Carleton in Ottawa, September 1, 2004; Montfort Hospital in Ottawa, October 25, 2004; York Central, Richmond Hill, January 3, 2005; Markham Stouffville Hospital, January 31, 2005; Halton Healthcare was implemented on September 13, 2004; Windsor Regional Hospital, October 10, 2006; and Niagara Health System, Greater Niagara General site in Niagara Falls, June 27, 2005. The Orillia Soldiers' Memorial Hospital is the only one that I have outstanding, and that is scheduled and anticipated for early 2007, to answer the question that was asked yesterday by my colleague.

By replacing 31 old hospital-based computerized tomography scanners with the latest CT scanner technology, the government is providing the people of Ontario with the high-quality health care they need and they deserve sooner. CT wait times have been cut by 13.6% since November 2004. Thirty-six long-term-care projects have been completed, adding 771 new long-term-care beds and redeveloping more than 3,500 existing beds. Local share policies have been reformed, making it easier for communities to raise their share of hospital capital funding.

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I was very pleased to be able to engage in this dialogue yesterday. The joy that this has been greeted with across the province of Ontario for this change in long-standing government policy—and I can tell you that it is helping, assisting and uploading some of the costs which were previously borne by local residents. The provincial government has now uploaded some of those

costs, to be distributed among the population of Ontario.

Also, to improve access to doctors, the government is increasing the number of first-year medical school spaces by 23%. We're also creating four new satellite medical education campuses in Waterloo, St. Catharines, Mississauga and Windsor—that's in addition to the new spaces at Queen's University and the University of Ottawa. This will create 104 new first-year spaces in medical schools by the year 2008-09.

The Northern Ontario School of Medicine, with campuses in both Thunder Bay and Sudbury, opened its doors in September 2005. The school is the first-ever medical school in northern Ontario and the first to be built in Canada in 35 years.

I wanted to focus a little bit on transportation, on some of the unprecedented support for transportation infrastructure we've seen in the province of Ontario, because to support economic growth and the quality of life is absolutely vital and critical. In northern Ontario, as I mentioned earlier, we introduced the five-year, \$1.8-billion northern Ontario highway strategy—that was in August 2005. What it means in real terms is expanding the northern highway system by more than 60 kilometres, constructing more than 50 new bridges, and repairing 2,000 kilometres of highways and 200 bridges over a five-year period of time.

Ontario invested \$656 million to expand and repair provincial highway infrastructure in southern Ontario to support the transportation and trade corridors; 56% of these projects were completed in the year 2005-06. To relieve congestion, reduce commute times and improve quality of life, the province recently opened high-occupancy vehicle lanes—we call them HOV lanes—in Highways 403 and 404 in the greater Toronto area in December 2005. The government continues to make improvements to Highway 401 through Toronto, in Oshawa and along the Cambridge—Woodstock corridor.

In June 2006, the government announced the fiveyear, \$3.4-billion southern Ontario highway program. It will mean an additional 130 kilometres of highway, the replacement of 64 bridges, the repair of 1,600 kilometres of highway and the replacement of 200 bridges. All of these expansions and improvements will be completed or

under way by the end of 2010.

I know that my colleague the Minister of Tourism has been one of the tireless advocates for the widening of Highway 406 near Welland. This will support growth and development while enhancing safety in the Niagara gateway economic zone that we identified in the growth plan for the greater Golden Horseshoe earlier this year.

Transit, as I mentioned earlier, is especially an area of focus for us. In 2005-06, transit riders in 110 communities benefited from \$192 million in improvements made to 83 transit systems funded through the provincial gas tax program. As reported in ReNew Ontario in the 2006 progress report, after five years this program will have delivered over \$1.4 billion to municipalities for public transit. But it didn't just end there, because the government continued its strategic investments for multiyears, more than \$1 billion to support the GO Transit expansion program, bringing vital service up to Barrie and 24-hour two-way service from Hamilton in partnership—and I want to give full credit to our federal partners, in particular former Minister John Godfrey and Joe Volpe, who were instrumental in signing that agreement to help us to fund this much-needed expansion and improvement program, and of course our municipal partners right here in the GTA.

Millions of commuters in the greater Toronto area will have more convenient and efficient access to public transit as a result of legislation that was proclaimed on August 24 of this year, creating the Greater Toronto

Transportation Authority.

Through the government's Move Ontario initiatives announced in March 2006 there was a further \$838-million investment in public transit and, as I said earlier, we anticipate and we continue to press our federal colleagues to match and to partner with us for much-needed public transit improvement.

Together with our federal and city of Toronto partners we're investing more than \$1 billion to improve, modernize and expand the Toronto Transit Commission system, committing more than \$200 million toward the construction of a 29-kilometre north-south Ottawa light rail system, the largest civic works project of its kind in the city of Ottawa's history. I hope, of course, that our federal partners remain committed to this vital project in the city of Ottawa.

I want you to know, Mr. Chair, because I know you're from the region, that the Ontario government is resolved in its commitment to provide that support to the city of Ottawa for light rail expansion.

The Ontario government is investing in environmental assessment studies to kick-start major light rail expansion in Waterloo region. We've allocated further investment, and we hope that we'll have a federal partner to help us

to begin construction.

We're contributing \$50 million toward the construction of phase 1 of York region's Viva rapid transit system. When fully implemented, phase 1 is expected to increase transit ridership by 30%, removing 7,000 car trips from major highways each and every year.

I touched upon the border because it is so utterly critical to our economic well-being, and that's all of our border points, whether they're in eastern Ontario in Cornwall, southwestern Ontario at the Windsor, Niagara and Sarnia gateways or northern Ontario in Sault Ste. Marie.

Through ReNew Ontario, the government is investing \$638 million with our federal and other partners to improve border efficiency and access. We're also investing more than \$200 million to widen Highway 401 between Windsor and Tilbury.

The completion of a \$45-million project to add a new lane at the Queenston-Lewiston Bridge in Niagara Falls and the installation of a queue-end warning system is easing traffic congestion and improving safety at the site.

I'm pleased to report that construction continues on the QEW in Niagara and Highway 402 near Sarnia to improve access to border crossings. We provided \$5 million to the city of Cornwall to enhance the connection to and the linkage to international crossings.

Ontario is indeed working to make sure that people and goods are able to move efficiently through the border crossings at the Windsor gateway and, together with our federal partners, the province is moving ahead with a \$300-million investment for short-term improvements to relieve congestion at the Windsor gateway.

We're also working with our partners to address longer-term needs, to identify the preferred location for a new Windsor border crossing by mid-2007. That's an especially difficult undertaking because it requires six governments to work together: two municipal governments, one on the Canadian side, one on the Americanside; two state or provincial governments, Ontario and Michigan; and of course two national governments, our greatest friend and trading partner the United States of America, and the government of Canada.

But in addition to the Windsor gateway investments, the province and its partners are investing \$323 million to improve access to the border in Niagara and Sarnia. We're investing, with our federal government partners, an additional \$15 million to improve access to the border in Sault Ste. Marie.

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I touched yesterday on our landmark growth plan called Places to Grow in the greater Golden Horseshoe. The growth plan, in fact, is predicated upon access to our key border points. It's the first growth plan area designated under the Places to Grow Act, and there will be more areas designated and more plans released, but this is the one we chose to deal with first. The philosophy of this government is that all regions, all areas of this province, deserve to have the attention of the government; deserve to have a blueprint for growth, development and economic prosperity and, ultimately, the highest quality of life that we possibly can.

The need was most urgent in the region called the greater Golden Horseshoe because of what is coming down the pike. We note that two thirds of the province's population already live in this area, and over the next 25 years, an additional 3.7 million residents and two million additional jobs will be created.

As I mentioned yesterday, that's something you want to plan for, because if you don't, things will get worse, not better. You get damage to the environment. Business as usual—translation: doing nothing—would result in a 42% increase in auto emissions. Does anyone in this room think that, even with the declining air quality that we've seen, we could readily accept that kind of situation?

If you do nothing, you will see longer commute times to work. It's estimated that there will be a 45% increase in average commute times arising from increased traffic congestion. You get urban sprawl. We'd be looking at—and I want to put it into some context—the loss of about 1,000 square kilometres of farmland. What that translates into is an urban envelope expanding to roughly equal the size of the current urban envelope of the city of Toronto itself.

The Acting Chair: Minister, I just want to inform you that you have two minutes left.

Hon. Mr. Caplan: Two minutes? Mr. Chair, I have so much more to say.

Interjection.

**Hon. Mr. Caplan:** I hope that my colleague will want to ask about that, because there is some news to report.

The last point I wanted to make was that the other effect of doing nothing is that you would get excessive costs for the infrastructure needed to support that kind of growth, an estimate being something along the lines of \$12.2 billion in the greater Toronto area alone. When dollars are so precious and resources so scarce, we can ill afford not to take the kind of proactive action to build the kind of partnership with municipal leaders, with responsible environmental leaders, with our business and industry leaders, to get a plan which is going to do the job and provide the kind of blueprint that we need. So I am very proud of the growth plan for the greater Golden Horseshoe. I'm very proud of building the opportunities for new investment and for more jobs.

I simply want to conclude the way that I did yesterday, because we're going to be receiving nearly four million new residents, and we're going to be ready. Our schools are going to be ready. Our hospitals and long-term-care homes are going to be ready. Our roads and bridges are going to be ready. There will be safe water and clean air.

We are well on our way to a renewed Ontario, to a better province, to a province of prosperity, with the infrastructure we need for the quality of life we deserve, for ourselves, for our children, for generations to come.

I want to conclude my remarks now, and I'm again happy to engage this committee and answer your questions.

The Acting Chair: Thank you very much, Minister. We'll now roll into the 20-minute rotations of questions and answers, beginning with the official opposition.

Mr. Hudak: Thank you very much, Chair. The Acting Chair: And happy birthday.

Mr. Hudak: Thank you very kindly, Chair. Thanks to the minister and his team as well.

I wanted to start a little bit on one of the agencies you are responsible for, the LCBO, specifically the wine strategy. The wine strategy, as you know, began under the previous government and has continued under this government. We're always pleased to see those plans continue. The Ontario wine strategy was a partnership among the government, the Ontario wine council and, most importantly, the LCBO to hit certain targets in terms of LCBO sales of Ontario wine and the proportion of domestic wine sold in Ontario. Specifically, the goal was to have a 50-50 market share after five years, by 2007-08, between domestic and imported wines in the province. I'm wondering if the minister could update us on whether they're hitting those targets as part of the wine strategy.

Hon. Mr. Caplan: I'm pleased to take the question. In fact, I do want to give credit where credit is due. Support for Ontario's wine industry is one that cuts across all political parties, and my colleague Mr. Hudak did in fact initiate some of the work.

My understanding is that, when what's called period 7 of 2006 is compared to period 7 of 2005, all VQA still table wines sold in Canada are up 14.9%, all VQA white is up 11.5%, all VQA rosé is up 142%—this number is a little bit deceptive because the amount of wine produced under that class is quite small, so when you see a rise it does tend to be dramatic—and all VQA red wine is up 25.5%, year over year.

Interesting enough, because it is a partnership with our colleagues—and I have had the opportunity to meet with Linda Franklin, the president of the wine council, and with Mr. Norm Beal, the chair of the Ontario wine council. I'd like to quote Mr. Beal:

"We are pleased the government has listened to our concerns. We have been working very closely with them to address serious ... concerns about margins and access that have prevented the Ontario wine industry from growing to its true potential." What the government is doing "is a good step forward."

What the Ontario government and the Ontario wine producers have asked for is the Ontario wine strategy. In fact, that's why the Ontario government supports the wine and grape industry with measures like the LCBO providing a monthly VQA superstars promotion in stores and in Food and Drink magazine. And we have trained Ontario wine advocates in almost 300 stores—

Mr. Hudak: If I could, I appreciate this, Minister. You'll remember that those programs actually began, I think, at the time I was minister. I'm pleased to see that you're continuing those programs. I think they're effective. But I was asking a specific—

Hon. Mr. Caplan: There are more that have begun

since, and I do want to give-

**Mr. Hudak:** There's a specific question I had for the minister with respect to the wine strategy. Let me give you an example. The goal of the wine strategy, as I said, was to have a 50-50 market split between Ontario wines and import wines sold in the marketplace by 2007-08. If I understand correctly, the province, sadly, is off that target. I think the best the province is projected to do now is 44% domestic product.

Let me give you another specific. In terms of the LCBO itself—which is owned by the taxpayer and which, in my view, has a public duty to promote domestic product—has fallen far short of its goals. In fact, if I understand correctly, there has been barely any progress in market share at the LCBO for Ontario wine: As of 2005-06, we're at 30.8%. Is the minister satisfied that 30.8% is the appropriate share of sales at the LCBO for Ontario product?

Hon. Mr. Caplan: I'll continue the answer I was providing earlier, because I think it's important to have a target. I would note the support of Mr. Beal, the chair of the Ontario wine council, for the positive steps that this government has taken to support VQA and Ontario-produced wine.

produced wine

I'll continue. We've introduced a craft winery program that helps small wineries establish their brand in a store with high VQA sales; an annual promotion of Ontario wines in both September and October; and a comprehensive Vintages strategy to support Ontario's VQA wine, where the government announced \$10 million over three years to support the long-term economic growth of Ontario's VQA wine industry. In 2005 alone, the government announced an additional \$2 million annually for the next five years to support marketing initiatives as part of an Ontario wine strategy, and a further \$5 million as a one-time grant to the wine industry and the grape sector in the March 2006 budget.

Do we still have more to do? I would say yes. The LCBO has three important mandates. The first

mandate—

Mr. Hudak: Minister, it was a brief question.

The Acting Chair: The member has a specific question, so if the minister could try to limit his answer to that specific question.

**Hon. Mr. Caplan:** I'm doing my best. As I say, I do believe this committee provides important oversight, and I want to provide as full an answer as I possibly can.

**Mr. Hudak:** Super. And maybe I'll ask you to keep the answers to the particular questions I ask of you, just in the interests of time.

At the time, the target for Ontario wine sales by 2007-08 was 35.4 million litres. We appear to be far short of that, with 31 million litres forecast. What's shocking about these numbers is that the goal was about 64 million litres for imported wine by 2007-08 and we've already passed that. So whatever the growth rate of Ontario wine is and, most importantly, of VQA wine, the growth rate of heavily subsidized imported product from France, Italy and Australia has outstripped the growth rate of Ontario wines. So you've surpassed your goals for imports, but you're far behind the goals that have been set out for domestic wines. Minister, isn't it time that the LCBO pulled up their socks? Can you tell the committee that you'll make sure they hit the target they signed years ago for domestic wine for 2007-08?

Hon. Mr. Caplan: In fact, Ontario is well on its way. I think the member would want to be fair in his comments and indicate to this committee that over the course of the last two years, we've had two short crops which have significantly affected producers with Ontario grapes. I know the member is well familiar with that. Regrettably, we also had, I believe, as the member would also be aware, something called an Asian ladybug crop which severely damaged grapes in the area. So the member, of course, is aware of those. The 50-50 goal, by the way, is a shared volume goal of the LCBO and the wine retail stores themselves.

I want to quote for you Debbie Zimmerman, CEO of the Ontario grape growers' association. At the standing committee on government agencies she said, "We want to congratulate the government of Ontario because they have signalled their intent to improve more access for these wines at the LCBO." It's with partnerships like that, with the wine council and the grape growers, that we are well on our way to achieving our goals and targets.

Mr. Hudak: Mr. Runciman.

**Mr. Robert W. Runciman (Leeds–Grenville):** How much time do I have, Mr. Chair?

The Acting Chair: You have 12 minutes.

**Mr. Runciman:** I have some LCBO questions as well, but I'll initially talk about the OLGC, because we know that there have been some public concerns about that operation and perhaps their spending practices.

We've heard a lot about the \$6 million to drop the "C" from their brand. I was looking at a quote, Minister, from you in the House with respect to this \$6-million expenditure, indicating that the rebranding effort "will help Ontarians know that they received the same high standard of integrity, entertainment and service at ... gaming sites, or where lotteries are sold. This is a good investment."

I just wondered if you could expand on that, take this opportunity to take a couple of minutes to expand on why you think dropping the "C" accomplishes those goals that you've outlined here.

Hon. Mr. Caplan: I certainly appreciate the question. As the member well knows, the OLG is an arms-length agency of the government. As I've made clear to the board on the occasions that I've had a chance to chat with the chair and members—in fact, I did have an opportunity to attend a board meeting—I expect the OLG to

make efficient and effective market-related decisions that best reflect the organization, like any business enterprise. We should remember that Ontarians are all shareholders in this enterprise.

It is not uncommon practice for companies to refresh their brand from time to time. The amount of money that Ontario Lottery and Gaming allocated was within the size and scope of the kind of exercise one would normally associate with it. The rebranding effort will help Ontarians know that they will receive the same high qualities of integrity and entertainment services at any of the 22 gaming sites or when they purchase the products. The OLG, with a strong brand, will contribute to the competitiveness of the OLG casinos and slot facilities, protect jobs and generate greater economic activity and effort, which of course will in turn be invested for the benefit of Ontarians in health care, education and infrastructure.

**Mr. Runciman:** You're not answering my question, Minister; with respect, you're not answering my question.

Hon. Mr. Caplan: I think I have.

Mr. Runciman: What I'm getting from your response—you specifically mentioned all of these benefits from dropping the "C," the \$6 million. You said this is going to accomplish this. What you're telling us now, essentially, is that the reason you said this is because the board told you that was the case. You didn't get this from any outside expertise with respect to the impact of this \$6-million—in my view, crazy—expenditure of revenues that could have been utilized for so many other, better initiatives.

I want to talk to you a bit about another issue.

**Hon. Mr. Caplan:** I wonder if I might respond, Mr. Chair?

Mr. Runciman: No. You've answered the question as best you can. I want to ask another issue that's dealing with the OLG. They just recently opened, I'm advised, a very lavish office in the Atrium on Bay, essentially for photo ops, apparently. Can you tell us what this cost the gaming commission in terms of capital expenditures and what it's costing on an annual rental basis in one of the highest rent districts in the city of Toronto?

Hon. Mr. Caplan: Sure. A couple of things: I didn't just provide the board's perspective. Professor Alan Middleton, marketing professor at York University, said in Marketing magazine, Monday, October 9, 2006: "Why John Tory is yelling about it, who the hell knows, except that he has nothing else to yell about."

I'm not sure I agree with the characterization of the member opposite—I know I don't. I don't have the exact figures that he has requested and I will endeavour to provide the information that the member has asked for to this committee.

**The Acting Chair:** The figures for the question he has asked, then?

Hon. Mr. Caplan: I will provide them to the committee

The Acting Chair: Okay. Mr. Runciman.

**Mr. Runciman:** Thank you, Chair. Hopefully we'll get another round here and we can talk a bit more about some of the things with respect to the CBC concerns and the allegations.

Back to the LCBO, briefly: Who is the chair at the moment? Is it still the acting chair, Mr. Olsson?

Hon. Mr. Caplan: Yes. Mr. Olsson is an acting chair, but I would commend to you the recent budget bill that was introduced, Bill 151. The historic 1927 legislation had both the chair and the CEO as the same person.

Mr. Runciman: I'm aware of that.

**Hon. Mr. Caplan:** Bill 151 splits the chair and the CEO position. I hope I'll have support from the member and all members of the Legislature to pass the legislation as quickly as possible.

**Mr. Runciman:** That has nothing to do with my question. I asked you if Mr. Olsson was still the acting chair. You've confirmed that he is. How long was his appointment? He was initially the vice-chair; he got a six-month appointment in an acting capacity. Has he since received another appointment in an acting capacity?

1700

Hon. Mr. Caplan: No. Mr. Olsson is in an acting capacity because we cannot, until the legislation passes, have a chair. It is the desire and the proper governance practice to have a separate chair and a separate CEO. Until such time as that happens, Mr. Olsson is in an acting capacity.

Mr. Runciman: You recently increased the per diems for board members at the LCBO. What's the per diem

rate at the moment?

**Hon. Mr. Caplan:** I believe that was a government-wide initiative. I'm not sure that there was anything specific to the LCBO.

**Mr. Runciman:** It impacted them. I'm just curious what their per diems are at the moment.

**Hon. Mr. Caplan:** We can get that for you. I don't believe it was large dollars, but we can get that for you.

**Mr. Runciman:** And you're increasing the number of members on the board as well? What's the rationale behind that?

Hon. Mr. Caplan: That too is contained in Bill 151. A couple of things; we like to get other potential sectors: for example, hotel-restaurant, people with that particular expertise, marketing expertise. LCBO has significant real estate assets; we'd like to make sure we have real estate expertise. We'd like wide perspectives. Remember, of course, that there are three particular kinds of alcohol beverages: beer, wine and spirits. We'd like to get as much insight and expertise from the various sectors as well as all the related ones.

The proposal in Bill 151 is to expand the board from seven to 11 members. We think that that's appropriate and will help to provide the LCBO with the kind of well-rounded board to protect the public interest in Ontario.

**Mr. Runciman:** With respect to the request that you indicated you would respond to, in terms of the new prize office in downtown Toronto and the capital, the costs, I would ask that you also include the cost of furnishings for that facility as well as the rental rates.

Going back to the OLGC: One of your comments in the House, again, talking about Ernst and Young, reviewing the "insider win" policy—I'm just wondering. They have sort of endorsed the approach of the corporation. Obviously, you must have some concerns with respect to the allegations that have been made on the Fifth Estate. You have turned down the request from our party and our leader, Mr. Tory, with respect to a forensic audit in response to those allegations. I'm wondering what you think about restricting lottery operators and their families, in terms of winning on their own machines, if you're taking a look at that kind of an initiative

Given some of the expenditures and decisions that have been made by this organization, when was the last time the Provincial Auditor took a look at the corporation, and why would you not consider calling the Provincial Auditor in to review the policies and whether indeed taxpayers are getting good value for their dollar being spent by this organization?

**Hon. Mr. Caplan:** I don't know when the last time the Provincial Auditor—of course, it's the prerogative of the Provincial Auditor.

Mr. Runciman: It's your prerogative to call him in.

**Hon. Mr. Caplan:** I know that the Provincial Auditor is currently looking at various aspects of the government. As well, we have expanded the Provincial Auditor's scope, because we do believe it's important to give him that opportunity.

These are very wide-ranging comments, Mr. Chair, so I'm going to try to address them as best I can. The Fifth Estate certainly last week made some very serious allegations. I, as minister, and this government take them very seriously. Even upon being made aware of the allegations on I think the national news program the next day, we contacted the chair of the board to initiate a review and an analysis and a report back as quickly as possible. I have referred to the audits that are done. Both KPMG and Grant Thornton do forensic audits of financial statements, but Ontario Lottery and Gaming does not just stop there. In fact, they have undertaken Ernst and Young to look at what's called—

The Acting Chair: Minister, that concludes the time for this round. Perhaps you'll get back to it—

Hon. Mr. Caplan: Then I'll come to more later.

The Acting Chair: —the next time around.

We now go to the third party for a 20-minute question and answer.

**Mr. Tabuns:** Minister, you've announced a five-year, \$30-billion infrastructure program. When you announced the plan, you indicated that \$2.5 billion worth of the projects would be financed under your AFP, or alternative financing model. Is that still the plan?

Hon. Mr. Caplan: I don't believe that your figures are correct.

Mr. Tabuns: Then please correct me.

**Hon. Mr. Caplan:** I think we had said at the time that roughly 10% of the projects would be using the AFP methodology. It's probably somewhere around 11%.

Mr. Tabuns: So it's in the \$3-billion range.

Hon. Mr. Caplan: Yes, that's about the range over the five-year period of time, correct.

**Mr. Tabuns:** So instead of \$2.5 billion, it's around \$3.1 billion. Okay.

How many announcements have been made involving projects to be built under this AFP model?

Hon. Mr. Caplan: How many announcements? I believe we have 39.

Ms. Carol Layton: You're right. Over 40 have been

**Hon. Mr. Caplan:** Because there are more than simply hospitals. There's the Durham courthouse, the GTA youth centre. So I think 42 or 43.

**Mr. Tabuns:** Could you provide us with a list of all of those announced projects, including the price tag you used in announcing each of the projects?

Hon. Mr. Caplan: Price tags were not used in making the announcements, for a very critical reason. When we are negotiating for the best price possible for the people of Ontario, we don't want to share and create an artificial floor where bidding will begin and, of course, inevitably rise. We want to achieve the very best value for money for Ontario residents.

All of the projects, I believe, and all of the announcements are listed on the Public Infrastructure Renewal website. I would encourage the member to visit the website, and he will find the dates and the announcements that were made on all of the particular projects.

Mr. Tabuns: It would be great to have the web link on that, so I don't spend a lot of time running around. I find that interesting. Are you saying to me—I just want to be clear—that in all of those cases, the final cost has not yet been set, or the final cost has been set and you're not publicly releasing what the final cost is?

Hon. Mr. Caplan: What will happen is, we do our internal forecast of what the cost is and try to get a good idea of what we can expect in the bids. What we wish to achieve is a competitive tendering process, to achieve the very best value for the project for the people of Ontario. The prospective bidders will come, will bid, and we will be able to deliver that value.

I'm giving the website: pir.gov.on.ca; and of course, the Infrastructure Ontario website is infrastructureontario.ca. All of the announcements, the RFPs and the commercial contracts are listed and posted on that website. I encourage the member, all members and all Ontarians to go there.

At the conclusion of the negotiation, of the signing of a commercial contract, construction will commence, and we will produce a value-for-money audit, which is available for the scrutiny of the Auditor General or any other third party to compare—

**Mr. Tabuns:** Minister, you've given me what I need, and I'll go on to my next question.

The government will contract with private sector consortiums to build and manage these projects. You've got RFPs out on them—on all of these 42, 43 projects?

Hon. Mr. Caplan: No, that's not correct.

1710

Mr. Tabuns: Then please correct me.

Hon. Mr. Caplan: I believe there are RFPs out for—Ms. Layton: Eight on the website right now.

Hon. Mr. Caplan: Eight of them currently on the website—

Ms. Layton: And one contract on the website, and that's the Montfort.

**Hon. Mr. Caplan:** The Montfort Hospital contract is currently posted.

**Mr.** Tabuns: Okay. So just one contract has been finalized—the Montfort Hospital?

Hon. Mr. Caplan: That's correct.

**Mr. Tabuns:** What's the time frame for finalizing the contracts for the other eight?

Ms. Layton: Every one of them is on a different schedule. There are schedules around the issuing of the RFP, the closing of the RFP, the start construction as well as the substantial completion. You won't find all of that detail on the website, but for the eight RFPs that are up there and the dates when they close, I think we could probably give you that information.

Mr. Tabuns: I'd appreciate that, if you could.

Can you tell me what kinds of businesses are members of the bidding consortiums: pension funds, banks, construction companies, property management companies? What's a typical consortium?

**Hon. Mr. Caplan:** The folks that you've mentioned, as well as engineering companies. There are engineering, legal, potentially architectural; there's generally a finan-

cial partner, a construction partner.

As well, we have different kinds of what we call AFPs. We have something we call construction finance, where, for the period of construction, a consortium will build it and finance it, and at the completion of it, we'll take out the long-term financing and finance that ourselves. We have something that we call a DBFM design, build, finance and maintain—where that will be a longer-term relationship. There may be a maintenance partner or other partners, if the hospital board so wishes, who will carry on a longer-term relationship. Those might be long-term construction maintenance individuals, if a hospital board wished it. We will not force any hospital board to bundle in other services—food services, laundry services and the like. If that is their choice, they can add that, as they can currently. It has been the longstanding Ontario practice to allow them whatever arrangements they wish, but that too can be built in.

**Mr. Tabuns:** So is there a typical configuration of these consortiums? Do you typically have a bank or a pension fund at the centre, with the others on the

periphery?

Hon. Mr. Caplan: Financing, construction, engineering, architectural, cost consultant, legal would be the typical ones. Then if you went to the DBFM model, there would be other partners as well.

**Mr. Tabuns:** What role does the Ontario Infrastructure Projects Corp. play in the development of these projects?

Hon. Mr. Caplan: The Ministry of Health identifies the projects, the public policy and the health delivery imperatives. The cabinet decides, given the resources and the availability, what projects to move ahead with. I, as minister, assign projects to Infrastructure Ontario for them to offer through requests for qualifications, requests for proposals, and to enter into the negotiation and the contract with the consortium who will bid.

**Mr. Tabuns:** In any of the structures that you're talking about, do the private consortiums actually own the land and the buildings and simply lease the package back to the hospital or, in the case of a courthouse, the

government of Ontario?

Hon. Mr. Caplan: This is one of the major differences between previous governments' P3s, both NDP and Conservative, and our AFP approach. As I mentioned earlier and yesterday, all assets, all infrastructure, will be publicly controlled, and key ones, core ones—hospitals, schools and water systems—will be publicly owned.

**Mr. Tabuns:** So the ones that are publicly controlled are not publicly owned?

Hon. Mr. Caplan: No. For example, 40% of current government office space is leased space, space that we would go to others for. You would be familiar, from your history as a city councillor in the former city of Toronto, that we lease space from the city of Toronto. I believe we have a provincial courtroom in College Park. There are other spaces which of course are not owned, nor would there be a requirement that they be owned, but core ones—hospitals, schools and water—will always be maintained in public ownership.

**Mr. Tabuns:** So a non-profit hospital won't be leasing space from a private consortium. It will actually own outright the land and the building.

Hon. Mr. Caplan: They will own the deed; they will own it.

Mr. Tabuns: Okay. I think you've covered my next one.

Can you tell us, on average, what will be the interest rate spread between an Ontario government bond and the borrowing rate for a typical P3?

Hon. Mr. Caplan: I again correct: We are not doing typical P3s in the way that the New Democrat or—

Mr. Tabuns: The average P3, then.

Hon. Mr. Caplan: We do something called AFP.

Mr. Tabuns: Sorry. Call it an AFP, then.

Hon. Mr. Caplan: Well, it is an AFP. P3s were a different kind—I would point the member to something called the Capital Investment Plan Act, 1993. I want to read the preamble of that act: "The government of Ontario has announced a capital investment plan for Ontario under which the government, municipalities and other public bodies"—presumably hospitals or others—"and the private sector will work together to make significant investments in the province's infrastructure."

There was no policy framework, no requirement for public ownership. AFP is much different than previous

NDP and Conservative P3s.

**Mr. Tabuns:** Minister, going back to my question because I think historically it may be interesting: What's the spread between what Ontario government bonds are going for and the borrowing rate for the P3s? Just tell me the average of all of them.

Hon. Mr. Caplan: I can attempt to get that figure, but different consortia will be able to access different rates for their financing. Usually they're able to achieve—they're always able to achieve commercial grade rates.

Mr. Tabuns: One would hope.

Hon. Mr. Caplan: Yes. I was fascinated by one of the examples that I've heard: the Hyundai road project in Edmonton. The private consortium was able to get a rate just slightly higher than the Alberta government's own rate, which of course is the best of any province or the government of Canada because of the relative debt position. So as these consortia get better—

Mr. Tabuns: Minister, you'll be able to give me the average rate as compared to government of Ontario

bonds?

Hon. Mr. Caplan: We'll certainly do our best.

**Mr. Tabuns:** On a \$500-million hospital, for instance, how much more would an AFP, if you want, cost as compared to traditional public sector financing over the entire repayment period: say, 25 years?

Hon. Mr. Caplan: I submit it will cost less, given the history in the province of Ontario of quite massive cost overruns from the original budgeting. One of the projects that I know the member is well familiar with is the Thunder Bay hospital; or perhaps another project the member would be familiar with is the SkyDome, originally budgeted at a \$100-million figure.

**Mr. Tabuns:** I understand your freelancing, and I can see you're enjoying it, but I asked—

Hon. Mr. Caplan: I think it's important—

Mr. Tabuns: I asked—

The Acting Chair: Mr. Tabuns, you did ask him for his opinion as to how much more it would cost.

Hon. Mr. Caplan: I have to be allowed to answer.

**The Acting Chair:** He is telling you that, in his opinion, it would cost less.

**Mr. Tabuns:** I was asking for the difference in financing cost, Mr. Chair. So over 25 years, if you're paying a higher rate in financing through an AFP than you would if you were financing it through the government of Ontario, there is going to be a difference in cost.

Hon. Mr. Caplan: That's only one factor in cost.

Mr. Tabuns: Well, I'm asking for that one factor.

**Hon. Mr. Caplan:** Okay. What I'm answering is that there is more than one factor over the course of the lifetime of the asset and over the delivery and the construction period for—

**Mr. Tabuns:** Minister, that's fine. I just want one factor.

The Acting Chair: Minister, Mr. Tabuns asked for the average rates and—

Hon. Mr. Caplan: And I've said we'll provide that.

The Acting Chair: —you have agreed that you're going to try to get those.

Hon. Mr. Caplan: If that's available, I'll be able to provide that. But then the member went further and made the assertion that somehow AFP will cost more than a traditional bond. I want to assure the member that, in my opinion, it will cost less, given the history in the province of Ontario and elsewhere. We have evidence from, for example, the Auditor General of the United Kingdom—

**Mr. Tabuns:** I appeal to you, Mr. Chair, if I can. My question is about the cost of financing. He can talk about all the others, he can ship me all the documentation he wants, but I'm asking for the difference in the cost of financing over the lifetime of that repayment. What's it going to be, on average? One element.

The Acting Chair: Minister?

1720

Hon. Mr. Caplan: I'd already undertaken to provide the information that the member required. I would add as well, as I was about to, that there was a very detailed analysis done by the Auditor General in the United Kingdom, detailing both what they call PFI, their model of delivery, and what would be traditional public works. The PFI model was delivered on time and on budget 88% of the time, and traditional public works 30% of the time. So in the additional 70% of the time in public works, additional cost and time delay were borne entirely by taxpayers in the UK, 12% of the time didn't come on time or on budget. The interesting factor, of course—

Mr. Tabuns: I asked a question, Mr. Chair.

**Hon. Mr. Caplan:** And I'm providing an answer as best I can.

Mr. Tabuns: No. I'm asking about financing costs.

The Acting Chair: My tendency is to give as much leeway to the opposition because it is their 20 minutes.

Hon. Mr. Caplan: Give him his time.

The Acting Chair: So if he wants to move to something else, if that's okay—

Hon. Mr. Caplan: I'm answering the best I can, Mr. Chair.

The Acting Chair: I understand.

**Mr. Tabuns:** Will all the P3 contracts, AFP contracts, be made public?

**Hon. Mr. Caplan:** In fact, all the ones that have been signed are posted on the Infrastructure Ontario website as we speak.

**Mr. Tabuns:** With all the numbers on financing rates and costs etc.?

**Hon. Mr. Caplan:** You should know as well that we'll produce six months after the close something called a value-for-money audit, comparing all the numbers with a traditional public-build project so that you or any third party can make a credible judgment. The only information that will not be disclosed is information which is proprietary to an individual company.

Interruption.

**Hon. Mr. Caplan:** Are we still okay, Mr. Chair?

**Mr. Tabuns:** I think most of us are okay. The television is on. The lights are on in the hall. Someone hit the switch.

Interjection.

Mr. Tabuns: But they soldier on.

Hon. Mr. Caplan: Should we continue? I'm happy to continue. There we go.

Any proprietary information or commercially sensitive information will not be shared, but all else will.

Mr. Tabuns: How much time do I have left, Mr. Chair?

**The Acting Chair:** You have just under five minutes, I believe. I didn't catch the last click of the clock.

Mr. Tabuns: Okay. I'm going to leave that one, then, for a few minutes.

You're responsible for casinos, lotteries and all of that. How much does your ministry spend to help people deal

with compulsive gambling?

Hon. Mr. Caplan: The province of Ontario provides—we don't spend it directly or provide direct provision, but I believe it's \$36.5 million annually. I believe that's amongst the highest of any jurisdiction internationally. I believe the province of Alberta recently increased their level of support, so Ontario would be second internationally for the support it provides for responsible gaming, research—is that a correct figure? Yes, \$36.5 million.

**Mr. Tabuns:** To what extent are you able to reduce problem gaming, to reduce gambling addiction? How many people who've had gambling addiction problems have actually been able to sort themselves out?

Hon. Mr. Caplan: I'm not in a position to be able to provide a response to you on this. Through Ontario Lottery and Gaming, we provide the source of funds. The disbursement of those funds, plus the analysis of efficacy, is in both the Ministry of Health Promotion and the Ministry of Health and Long-Term Care. So I can tell you the aggregate amount, but I'm afraid I just can't share with you what is the analysis of the disbursement of those funds or the efficacy of them.

Mr. Tabuns: Do you have any analysis of the percentage of revenue that Ontario secures from gaming that comes from the core group of gamblers, people who have

the biggest problem with gambling addiction?

Hon. Mr. Caplan: I believe that there was a study, and it was quite a controversial one. I believe it was based upon 12 individuals. The author was called, or in fact teleconferenced, with the standing committee on government agencies. I don't have the details of that but I know that the study itself does not receive widespread academic support and the conclusions are very much disputed. So I don't have the detail of that, but I do know that there is a great deal of controversy around that particular funding and that particular study.

Mr. Tabuns: Okay.

The Acting Chair: You have a little over one minute. Mr. Tabuns: Minister, are you responsible for maintaining and securing new hydroelectric corridors in this province?

**Hon. Mr. Caplan:** I'm responsible for the existing ones, the ones that were transferred from Hydro to the Ontario Realty Corp., but not for new ones, no.

**Mr. Tabuns:** So if the system of distribution is expanded, you will not have anything to do with that.

Hon. Mr. Caplan: No. The Ministry of Public Infrastructure Renewal does not work on energy. Energy is its own ministry and has its own enterprise corporations to deal with policy, regulatory, safety and the like. Those are not under the purview of our ministry.

Mr. Tabuns: What's your responsibility for existing

corridors?

Hon. Mr. Caplan: The existing corridors: This has gone back and forth, I believe, historically. Joyce, if I make a mistake, you'll correct me. I understand that the way this worked was that they were transferred from Hydro One to the Ontario Realty Corp. under the previous government. The title, if you will, to the existing corridors currently sits with the Ontario Realty Corp., which is housed under the Ministry of Public Infrastructure Renewal.

Mr. Tabuns: So you have title, but you don't have

any operational—

The Acting Chair: That concludes this round. We will now move to the government side for 20 minutes.

Mr. Phil McNeely (Ottawa–Orléans): I was fortunate, as PA for transportation, to go through the Greater Toronto Transportation Authority Act. This was really interesting to me, to see what a large population was involved, what a large area was involved, and how the transportation planning for that large area was going to take place. It ties in with the greenbelt as well—that was one of the first pieces of work by this government—and then the growth plan that was developed with the Places to Grow Act. I'm just wondering how those three elements worked together to make this a sustainable growth that we're going to see in the future.

Hon. Mr. Caplan: I call these the three legs of the stool. The first and most critical element is, what are the natural areas which must be protected? Where do you not want growth to take place? In the greater Golden Horseshoe, clearly on the Niagara Escarpment, the Oak Ridges moraine, and the agricultural and sensitive natural heritage lands. I'm absolutely proud of the legacy of permanently protecting 1.8 million acres of that natural legacy for generations yet to come, relieving the pressure

and making sure that legacy is in place.

But the second part of the question is, okay, if you're not going to grow in those places, where are you going to grow? What is that growth going to look like? What are the areas that can handle the 3.7 million additional residents, the two million additional jobs that you want to create? That's what the growth plan is all about: identifying 25 urban growth centres, places that we're well familiar with. We might call it the Toronto waterfront or mid-town Oakville or the city core of Barrie or the city of Kitchener. These are existing urban areas which have what we call greyfields, maybe surface parking lots or very underutilized, already paved-over land, or brownfields: ideal candidates for infill, for the kind of redevelopment and revitalization that is so utterly critical, all of the literature tells us, to growth and long-term economic prosperity.

The growth plan sets targets as far as densities, as far as conditions for urban boundary expansions. We believe

that 40% of new growth should take place within current urban boundaries. That means of course that 60% of growth will take place on what would be termed greenfields. I think it would be unrealistic to suggest over an area so vast that it would all take place in existing urban envelopes. I note the city of Vancouver calls for 70%, but it's not a comparable kind of thing. Vancouver is bounded by mountains, an ocean and a delta. That does not allow them to grow, because they just don't have any more room to grow. So we're taking some lessons from the over 100 jurisdictions from around the world that had delivered these kind of growth plans.

Other kinds of things: We want to see a certain number of jobs and people per hectare, so that we call for and we get 50 jobs and people per hectare so that we can get the maximum usage out of the land itself.

Of course, I don't want anybody on this committee to be left with the impression that Queen's Park is interested in planning the municipality of the city of Toronto or any municipality. We think that work is critically in the hands of our local officials and local residents to determine the character and the nature of their particular community within the guideline, within the framework that we're able to identify. So if, for example, the city of Mississauga decides that it wants to grow in a certain way, wants to invest in a BRT or a higher-order transit system along certain corridors, those are the kinds of decisions that we'll support and that we think are appropriate, and similarly for the other 110 upper- and lower-tier municipalities across the greater Golden Horseshoe.

The third leg of the stool is transportation. Transportation is utterly critical to connect those key urban growth centres and also to connect us and the lifeline of our key, as I mentioned earlier, border points in Windsor, down in Sarnia and down in Niagara.

In transportation we see two particular opportunities or two particular modes. One is, we think about the movement of people. For the movement of people, we think of a strategy to better utilize higher-order transit: public transit, rail, an interregional spine like a GO Transit or individual transit systems, a Mississauga BRT, an expansion of subways.

I'm quite delighted—and I see our new Chair is the member for Pickering-Ajax-Uxbridge; I hope I got that right, Mr. Chair—that Durham region has recently uploaded all transit to the upper tier, to the regional level. I am very eager to work with Durham officials on a transit vision and a transit plan for that region, just as an example.

Cellphone ringing.

**Hon. Mr. Caplan:** I think that was Durham region calling right now.

The Acting Chair (Mr. Wayne Arthurs): To the Chair.

Hon. Mr. Caplan: Yes, to the Chair.

Additionally, the other area is something we term economic corridors, future highway widening and, more importantly, expansion. We identify in the greater

Golden Horseshoe three key ones, and I really wish that Mr. Hudak, the member for Erie-Lincoln, was here. We identified the Niagara-GTA corridor, a point to the border linking up toward the greater Toronto area, as our first priority. It is currently in environmental assessment. We identified two other routes—one is the extension of Highway 407 out to Highway 35/115, and an additional east-west route from the north GTA out to Waterloo region—as key priorities for us for economic corridor/highway expansion.

So these things fit together: areas where you don't want growth, how you do want growth, and what that's going to look like and how it all fits and connects together, both for roadways, for highways, and for public transit.

As well, since we've been able to bring in Places to Grow, some of the advocates have said to us that it's more than just about public transit or about roadways; you have to have community design which allows people to walk, which allows opportunity—and of course we have challenges as far as our northern climate for outdoor activities like bicycling or pedestrian traffic. But if you create the kind of community design, you could have these different modes of transit.

We also identify the key modal hubs like airports, and we have some wonderful assets like the Toronto, the Malton—the Pearson International Airport, the Munro international airport in Hamilton. We also have major seaports and we want to take advantage of those because of the commercial activity that takes place there. So we want to use all of the different modes of transit.

But those are just three elements. There are so many other elements of growth planning as well, and I really appreciate the question, Mr. McNeely.

Mr. McNeely: I'm really pleased to see that. The city of Ottawa is much smaller, of course. I was on council there in 2001 when the official plan was brought in, and for us it was simply a matter of freezing the urban boundaries because the NCC had the greenbelt, I think, back in the 1940s. So it was much simpler.

I'm glad to see that for Highway 17 in Kanata there's a \$50-million project that has been funded. That's great news for us, because that was a major link, really, through the city, and that's coming along well. This government was able to fund Highway 7, which has been sitting around for many, many years and didn't have the funding. That was, I think, over \$107 million, and that is great. You're also doing the environmental assessment of the Queensway through the city, and that impacts me in Orléans with what's called the split—417 and 174. That's in the environmental assessment and is being worked on now. Also, we have the Hunt Club interchange. So we're very pleased with the dollars that came through even in the last budget, the dollars that came through for the city of Ottawa; just the gas tax was \$36 million, so that was great, and 32 million special dollars in the budget. So that's helped us get going.

What other projects have you got in eastern Ontario that will be funded through your—

Hon. Mr. Caplan: I'll get some of the projects for you and I'll ask my deputy to take a look at that. One of the things that you commented on, though, Mr. McNeely, really intrigued me. The province of Ontario lagged behind a lot of municipalities as far as growth management practices. Waterloo region is a municipality that really has its act together—and I am a big fan of the folks in Waterloo region—bringing together industry, municipal leadership, environmental leadership, their media, their academia.

The other one that I think I really want to pay some tribute to is Ottawa. Ottawa has an outstanding growth management plan, and I'm hoping one day to have an opportunity to build upon some of the work that you did when you were at council and that I know Mayor Chiarelli and others have really been leaders in. The city of Ottawa developed its own greenbelt, and I think that was a very wise move for them to make, to be able to protect that natural legacy for future generations and then to have the growth management plan.

The third leg of that stool, of course, is the O-Train and some of the investment in higher-order transit, much needed in Ottawa to get things moving. That's why I'm very proud that you've asked about some of the things

we're funding.

We're providing \$200 million to phase 1 and phase 2 of the O-Train because we think that's a critical investment.

We have some other investments in the city of Ottawa that I'd like to share with you.

CHEO was under a bit of a guillotine order at one time. In fact, the phase 3 reconstruction is taking place. At Queensway Carleton, the ambulatory care and the renovation is taking place. The Ottawa Hospital itself is moving ahead. We've broken ground, as you well know, on the Montfort Hospital.

You've noted the highway funding for Highways 17 and 417.

There's the medical school expansion to address the pressure of the double cohort and beyond at the University of Ottawa.

I'll give credit where credit is due: The previous government initiated something called the Medical and Related Sciences centre, and we are expanding that, but we also see Ottawa as an opportunity to create a convergence centre. We've started the planning for an Ottawa innovation campus because we really believe in that philosophy.

We're completing our funding obligations for the Ottawa Congress Centre. I hope that we still have a federal partner to complete the very much needed expansion for that. In fact, the expansion has been, I believe, \$28

million.

We think Ottawa has a very vibrant cultural community, so there's support for the concert hall, the Ottawa Chamber Music Society, the performing arts centre, the Great Canadian Theatre Company—I know you're a great supporter of the arts, Mr. McNeely—the Orléans Art Centre and Town Centre, which I know you're very

familiar with. Of course, one of the things we've done is relocated and created a true Ontario government presence and campus in Ottawa and brought together a number of different departments. Those are just some highlights, in addition to so many other things that we are very proud to have funded in Ottawa.

1740

Now, you said eastern Ontario. I think if I went on too much longer, I could take all of the time for additional questions, so perhaps I'll just stop there.

Mr. McNeely: How much time is left?

The Acting Chair: Six minutes.

Mr. McNeely: Right now, there are elections in Toronto. When do you see the GTTA up and running? It will be working with you. They have a five-year plan that they have to come up with for capital works, and they've got many other things they're going to be doing with your ministry. When do you see that getting up and going?

Hon. Mr. Caplan: The Greater Toronto Transportation Authority is a key initiative for our government. It is already up and going with the announcement of a full-time chair in Rob MacIsaac. If I may, Rob has a tremendous legacy as mayor of Burlington. Mayor MacIsaac was a true leader and a visionary amongst many very strong colleagues. He was a member of the Central Ontario Smart Growth Panel and was on the Greenbelt Task Force. He's a natural to assume this leadership position. The vice-chair is Peter Smith. Peter has tremendous experience as a former chair of GO Transit. So we have some of the key elements in place.

The rest of the composition of the Greater Toronto Transportation Authority will be made up of municipalities that will nominate who their representatives are. Our expectation is that at the conclusion of the municipal elections, municipalities will make known who their representatives will be. The key for the Greater Toronto Transportation Authority—and I perhaps can't be as knowledgeable as you are as the parliamentary assistant, at least previously, in transportation. You're still in

transportation, yes?

Mr. McNeely: That's right.

Hon. Mr. Caplan: This is under the leadership of just a wonderful minister in Minister Cansfield. The first task for them will be implementation of a greater Toronto area fare card program. This is long overdue, something that the public has been clamouring for, something that will bring an ability to coordinate 12 different public transit systems and an ability for transit riders to access the different transit systems as efficiently and effectively as possible. So that's going to be one of the first initiatives of the GTTA.

The other will be to develop a transportation master plan for the greater Toronto area, which includes Hamilton, by the way. We have, for example, the city of Mississauga, which has already developed quite an extensive higher-order transit plan that we are funding and that we're hoping our federal partners will come to the table and similarly fund. We have the city of Brampton,

which has received funding from the province under Move Ontario, and we similarly hope that our federal partners will come to the table finally and provide funding for Brampton. We'd like to work with Halton region, with Hamilton and with Durham. York region has Viva. We've already supported phase 1, and we're supporting phase 2 as well to help them plan and deliver that.

Colloquially speaking, the gorilla in the room is of course the Toronto Transit Commission and GO. We achieved, at least with the previous government, a \$1-billion state-of-good-repair investment into the TTC and \$1 billion for GO Transit. Certainly, the Greater Toronto Transportation Authority will help to coordinate and integrate on the planning and capital spheres. It's a very exciting initiative.

**Mr.** McNeely: Mr. Chair, if we have a couple of minutes, I think Mr. Zimmer would like to ask a couple of questions.

The Acting Chair (Mr. John Yakabuski): You have just under two minutes.

Mr. David Zimmer (Willowdale): I know the intensification file, broadly speaking, is something your ministry's been working on for years, along with other ministries. But it seems to me one of the challenges I'm coming across when I'm out speaking to this issue is that I find people-citizens, the average person on the street-understand and acknowledge the need for intensification, understand why it's a good thing, understand how it fits into the broad plan over the years with all of the other things, such as the greenbelt and transportation and so on. Yet, when it comes to intensification, if they find themselves in what I'll refer to as so-called intense areas, they've inevitably got a lot of concerns and so on. Frankly, there are touches of NIMBYism here and other things. What are we doing as a ministry and a government to allay these fears, to bring these folks on board and make it palatable to them?

**Hon. Mr. Caplan:** That's a great question, and a hard one to answer in the one minute I have available.

The Acting Chair: You don't even have a minute.

Hon. Mr. Caplan: Well, then, Mr. Chair, when the next round comes back, I hope Mr. Zimmer will be here to pose the question again. I'm delighted to talk about our corridor strategy. I'm delighted to talk about Bill 51 and some of the changes we've made to the Planning Act, and also some of the public engagement that our ministry has undertaken previously and that we're anticipating

taking short, medium and long term to help community residents, municipal leaders and many others.

The Acting Chair: That is the extent of the time, Minister. We'll now go to the official opposition.

Mr. Runciman: Knowing there's a vote coming up, I'll just put three requests on the record, and hopefully the minister will provide the answers at our next opportunity.

In terms of this poll that the media tells us the OLGC is undertaking to determine the impact of the Fifth Estate allegations on their business, we'd like to know what the cost of that is. Looking at the Windsor numbers, they're pretty shocking in terms of the drop in business and the impact on their revenues. I would like to have a status report on the expansion project at Windsor and the cost projections in terms of the finalized expansion, what you're looking at now in terms of the ultimate cost for that expansion project. Also, I'm assuming there was a business case developed when you made a decision to make such a significant investment in the Windsor casino. I'm wondering if that business case could be tabled with the committee as well.

Hon. Mr. Caplan: Am I allowed to respond, Mr. Chair?

The Acting Chair: We're going to have to cut it in a minute or so because the bells are going to ring and there are a couple of announcements I have to make.

**Hon. Mr. Caplan:** Okay. I take the comments, and I'll let you make your announcements. I believe, Mr. Chair, we're coming back on the 14th?

The Acting Chair: November 14.

**Hon. Mr. Caplan:** I look forward to attending this committee. It's been a pleasure to be with you here today, and I look forward to providing insight and answers to the questions that members raise at that time.

The Acting Chair: Thank you, Minister.

I have a couple of announcements to the members of the committee. Mr. Richmond will be revising yesterday's outstanding public infrastructure renewal questions based on input from members Hudak and Tabuns. So there will be some revisions on those questions from vesterday.

I want to thank all the members of the committee for their input and co-operation and the minister for his cooperation as well. This committee stands adjourned till November 14.

The committee adjourned at 1749.





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## Legislative Assembly of Ontario

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# Official Report of Debates (Hansard)

Tuesday 14 November 2006

## Standing committee on estimates

Ministry of Public Infrastructure Renewal

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

# Journal des débats (Hansard)

Mardi 14 novembre 2006

## Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Tuesday 14 November 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 14 novembre 2006

The committee met at 1604 in room 151.

### MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Vice-Chair (Mr. Garfield Dunlop): Good afternoon, ladies and gentlemen. We're here to resume the consideration of the estimates of the Ministry of Public Infrastructure Renewal. There is a total of four hours and 17 minutes remaining, and when the committee was adjourned, the official opposition had about 19 minutes remaining in its rotation. Minister Caplan, welcome today, and all the staff with you. We'll proceed with Mr. Hudak.

Mr. Tim Hudak (Erie-Lincoln): It's good seeing everybody again. Minister, it's good to see you again. Welcome back.

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Glad to be here.

Mr. Hudak: I have a couple of questions from some of my colleagues that I'm going to ask on their behalf. The member for Victoria-Haliburton-Brock, Laurie Scott, is obviously pursuing the reopening of the Frost centre, which was closed two years ago, in July 2004. I think the minister knows it had been providing outdoor education to thousands and thousands of Ontarians for many decades. There was a Frost centre working committee, struck by the current government, that provided a report over a year ago, in July 2005, about reopening the Frost centre. There have been two requests for proposals for the Frost centre to be reopened, and those RFPs expired in August and we still have had no response from the government for two and a half months. Obviously Ms. Scott is—as are many members of the committee. I'm sure—concerned about the future of the Frost centre and the delays in response to the working committee. I'd like the minister to comment on when we can expect a decision on the future of the Frost centre.

Hon. Mr. Caplan: Mr. Hudak, you well know, as you mentioned in your opening comments, that we did strike the Frost centre working group, had a series of recommendations which were embraced by the government and the Ontario Realty Corp. In fact, a request for proposal, as you mentioned, was issued, and there were responses both in the qualification and the proposal stages. I believe that there are two proponents who did submit tenders

under that request for proposal. There is also currently an environmental assessment taking place on the subject lands. At the conclusion of the environmental assessment—and also we continue to engage with the Frost centre working group on the evaluation of those two particular proposals and we'll be in a position, in the not-too-distant future, to share the outcome of that tender.

**Mr. Hudak:** Would the minister care to narrow it down for the sake of the folks in Haliburton county who are concerned about the Frost centre and what "the not-too-distant" future" means?

Hon. Mr. Caplan: I don't have a specific time frame to share with the member at this point. As the member well knows from his history and experience, environmental assessments and the evaluation of two well-puttogether bids will take time. We want to make sure that we get it right. We also want to engage the people locally. I do know that the Ontario Realty Corp. met yesterday with the Friends of Frost to go over the next phases. And I just had a note passed to me that it should not be more than a couple of weeks that we hope to be in a position—I don't want to place an artificial time frame around it. I want to make sure that we get the job done correctly. But that's around the time frame that we're looking at.

**Mr. Hudak:** Outstanding, a couple of weeks. Thank you, Minister, for narrowing down the definition of "in the not-too-distant future." Shall we be expecting good news as we head into the holiday season?

Hon. Mr. Caplan: At the Ministry of Public Infrastructure Renewal it's always good news. I certainly am not in a position to judge, nor would it be appropriate for me to look at, the particular proposals that have been submitted. I know that the Ontario Realty Corp., in cooperation with the Friends of Frost, will do that work diligently. We'll find out what the results are when we're able to announce the findings.

Mr. Hudak: Thanks very much.

Ms. Scott is also concerned about the status of the Highway 35 expansion in Kawartha Lakes. I think the minister knows that there have been literally hundreds and hundreds of names on petitions that were brought to the Legislature requesting the much-needed four-lane expansion of Highway 35 in the city of Kawartha Lakes. The ministry has been planning this for some time. I know that consultations took place and have now, I believe, been completed. When can we expect this project to finally move forward?

Hon. Mr. Caplan: I think that question would much more appropriately be placed before my colleague the Minister of Transportation, who of course did unveil—spectacularly so—a \$3.4-billion southern highway strategy. I know that is most welcome news, not only to members like yourself in the Niagara region but also in Kawartha region where there is much good news indeed around safety improvements, additional lanes that have been placed. I'm looking through here. I think we can follow up with the Ministry of Transportation on the specifics of that particular project and see if there is some information to provide to this committee.

Mr. Hudak: Thank you very much. The other project that Ms. Scott wanted me to inquire about is equally important to members in the eastern GTA, Durham region and, I would think, Northumberland county, etc., and that's the eastward expansion of the 407 to Highways 35 and 115. Perhaps the minister could update the committee and those members on when we'll actually see the 407 expansion go forward.

Hon. Mr. Caplan: I want to thank the member for the question. It would have been helpful had there been the previous work on route planning, environmental assessment, property acquisition and design of that particular route. Unfortunately, that work simply was not done.

I can tell this member, and indeed all members of the committee, that we have developed something called the growth plan for the greater Golden Horseshoe. We do believe that the 407 east extension is a high-priority route. I know that that is why my colleague the Minister of Transportation quickly moved toward the work I mentioned earlier that had not been done previously; namely, an environmental assessment, route selection and the necessary engineering work that would need to go in. Of course, after we know all that, the property acquisition and hopefully the financing and construction can ensue.

**Mr. Hudak:** The Highway 9 expansion is last on my list. My colleague Mr. O'Toole asked me to inquire about the Highway 9 expansion.

Hon. Mr. Caplan: I'm going to look to the deputy, if we have any specifics on that one. I don't have that detail with me, but I would undertake to contact my colleague the Minister of Transportation and provide any follow-up and details to the committee that we may have available.

**Mr. Hudak:** I would ask, on behalf of my colleagues, for the entire weight of the hard-working staff at the MPIR to get behind these projects when the MTO is doing its ranking.

Hon. Mr. Caplan: I'm really glad, Mr. Hudak, that you mention the very hard-working staff at the Ministry of Public Infrastructure Renewal, because we have put together not only the much-needed \$1.8-billion northern Ontario highway strategy, but also the \$3.4-billion southern Ontario highway strategy. I know that we met quite recently—a new innovation supported by our ministry, where we sit in round table format with our ministry and other central agency partners to develop multiyear capital plans. You would know, Mr. Chair, from

your vast experience in government, that this kind of exercise, this kind of collaboration has never taken place within government. We had the opportunity to meet with our colleagues in transportation. I can tell you that these and many others, whether it's Highway 401 upgrades and expansion, whether it's many others too numerous to mention here—perhaps, Deputy, I saw we had a copy of the southern ontario highways program. This is the actual document. You will find it on the Ministry of Transportation website. So, for example, Highway 3 under way from St. Thomas to Aylmer; Highway 6, new from Fergus to Arthur, reconstruction of bridge and rehabilitation. The completion date for that one is 2007; project length is 17.3 kilometres. Also on Highway 6, a new CPR overhead bridge in Puslinch county and the Lynn River lift bridge in Port Dover. Highway 10, Markdale to Chatsworth, resurfacing and bridge rehabilitation, 23.7 kilometres, also to be completed in 2007. Highway 19, Mount Elgin to Highway 401, reconstruction and also the provision of a commuter parking lot. Target completion is this year for that eight and a half kilometres.

**Mr. Hudak:** That's the one I was waiting to hear about, Minister. Thanks very much.

Hon. Mr. Caplan: There are lists of literally hundreds, if not thousands, of projects supported by the great staff at the Ministry of Public Infrastructure Renewal. I wish I had more time to share them with you.

**Mr. Hudak:** You hit on some very important ones, and I'm pleased to see those come from the minister.

**Hon. Mr. Caplan:** I could list more, if that would be helpful.

Mr. Hudak: We had talked before about the estimates and some concerns I had around the ministry missing its targets, particularly on the capital side. At this point I actually want to visit the operating side before revisiting capital. Minister, I'll call your attention to page 19 of your estimates document, particularly the operating expenditures at the "Infrastructure and Growth Management Planning/Ministry Administration" section. You'll see that in 2005-06, the estimated expenditure in that division was \$106 million, and in reality \$90.5 million was spent. So you're \$16 million under budget in that part of the division. Were those just deficiencies that were found or were projects left uncompleted?

**Hon. Mr. Caplan:** I'm going to ask the deputy to delve into some of the numbers.

Ms. Carol Layton: I'll be happy to do that. The \$16 million actually comprises a few different areas. One is that in this fiscal year, the ministry is contributing overall to an accommodation savings target. It was in one of our divisions that \$10 million was taken out.

You're referring to the \$16 million, which is the difference between the \$106 million and the \$90.5 million? Is that what you're referring to?

Mr. Hudak: Exactly.

**Ms. Layton:** Okay. Actually, Jeanette, if you want to help out on that one, too?

Ms. Jeanette Dias D'Souza: Certainly. Thank you. Jeanette Dias D'Souza, CAO, Ministry of Public Infra-

structure Renewal. I think the question was directed to the difference between the 2005-06 estimates and the 2005-06 actuals. May I ask, were you asking specifically about growth management or just in general about the ministry?

Mr. Hudak: I'm trying to figure it out. You're \$16 million off what you were estimated to spend. Was that simply an efficiency that was found in-year, was it redistributed somewhere else in the budget, or were there programs that you were supposed to deliver not delivered?

Ms. Dias D'Souza: On the operating side, which I believe is what you were asking, there were a number of reasons. In a number of the areas we needed to staff up. Staffing costs account for a certain portion of our ministry operating expenditures, so in some areas we may not have staffed up as quickly as we would have thought. In addition, there were other delays related to projects. There could have been timing of legislation, such as the Places to Grow Act, that would have caused additional delays. There were some legal costs related to Rama litigation that we thought may have been a bit higher.

As you know, the estimates are what we think we're going to spend. There were multiple reasons for why we actually came in lower than what the estimates were.

**Mr. Hudak:** Perhaps you could give the committee some examples of the project delays that took place and resulted in a lack of hiring to administer those projects.

Hon. Mr. Caplan: I know one in particular. There's some additional money in the Canada Strategic Infrastructure Fund, the second go-round, over which we had hoped to be able to reach an agreement with our federal counterparts. Regrettably, some of the election cycles that we've seen federally and a little bit of the destabilizing influence have thrown off our timelines for some of those projects, and we're currently in negotiation with our federal counterparts to try to match those funds and make sure they get into the areas that we think they are appropriate for. I know, for example, that that would be a project delay, monies that we had anticipated, matching against federal government dollars for the Canada Strategic Infrastructure Fund. That's one that immediately comes to mind. Mr. Hudak.

**Mr. Hudak:** I'm a bit confused here. If that capital funding didn't flow, that would be reconciled on the capital side.

Hon. Mr. Caplan: Oh, I'm sorry. You were referring to operating. My apologies. I thought you just meant, what were some of the project delays? I tried to highlight an example of that, but perhaps Jeanette or the deputy on the operating side would?

Ms. Layton: The division where the project delays are specific and the actual amount, the comparison between what was put into the estimates as well as what were the interim actuals—specific to project delays was about \$1.7 million that wasn't spent. That is the division that does develop a lot of the infrastructure policy framework documents. You build in a provision to help deliver that sort of work. An example would be some of the asset management work that the ministry was working on,

specific provisions that would have been there for consultant work, different studies. It would be in that context that there would have been some delays.

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Mr. Hudak: About \$1.7 million of the \$16 million?

Ms. Layton: \$1.7 million of the \$16 million.

Mr. Hudak: Help me understand the other \$14.3 million.

Ms. Layton: They're sort of what Jeanette spoke about, some of the different delays we're talking about. Also in that \$16 million there is the strategic asset management unit, which was transferred into the ministry inyear from the Ministry of Finance. It had consulting allocation dollars for some of the asset reviews that were under way. It's the small team that looked at things like Teranet as well as the beverage alcohol review. There was a higher provision in the budget to allow for some asset reviews than was actually expended as the year progressed.

Mr. Hudak: That was about how much?

**Ms. Layton:** That's another example, and that would be about \$4 million in underspending, mainly because in that case you had to anticipate, potentially, some legal and consulting costs.

Mr. Hudak: We're still well beneath the halfway point, though. If there's \$16 million that was underspent—you've given me \$5.7 million in examples, which I appreciate—but we're still not even at the halfway point. So is there a large item that just simply failed to materialize?

Ms. Layton: Well, some of the other ones, just to give you more detail: We have recruitment delays, about \$1.9 million. We are a ministry with a very young population of public servants. We bring them in, give them good training and they're desirable elsewhere in the OPS, so a lot of ministries deal with vacancies. Certainly that was a fairly big number for us. As well, some of the underspending in our growth secretariat related to timing issues for the passage of the Places to Grow Act. There was some underspending in that area as well. The Rama litigation was upwards of about \$1 million in underspending. Infrastructure financing, also with some of the transfers to Infrastructure Ontario—there was some underspending; just over \$3 million there.

Mr. Hudak: I guess the expectation is that those projects that were delayed or the hirings that were delayed will take place in this fiscal year; those same positions will be filled?

**Ms. Layton:** Yes, indeed. You staff up where you can. You have more vacancies as well. It's a constant situation in a ministry.

The Vice-Chair: Less that a minute left, Mr. Hudak, and we'll go to the third party.

**Mr. Hudak:** Thanks. I appreciate the deputy and the CAO's responses here.

**Hon. Mr. Caplan:** In fact, we share Jeanette with the Ministry of Energy.

**Mr. Hudak:** Well, you should get her full-time. She's good.

Hon. Mr. Caplan: Well, she's good enough to do double duty.

**Mr. Hudak:** Back to the deputy, then: If you're planning on staffing up these positions, why do the estimates for this year actually decrease by a further \$2.5 million?

**Ms. Layton:** Actually, because of other variables that always factor in to the equation as well. I think—

Mr. Hudak: Caplan cutbacks.

Hon. Mr. Caplan: You wound me, sir.

Ms. Layton: Hang on a second. I'm just going to get to that note.

For the ministry as well we have a reduction overall. There are a bunch of different factors playing into that. The single biggest one is the fact that with the establishment of the new agency, Infrastructure Ontario, there was an entire division, which was known as infrastructure financing and procurement, that was sitting in the estimates for 2005-06. It has disappeared in 2006-07. That is one of the reasons we are a smaller ministry overall.

Likewise, the continuation of the strategic asset management unit doesn't have as large an asset review, so what was built into 2005-06, anticipated to be spent throughout that fiscal year, is less in 2006-07. So it's another significant factor.

The last one is the agencies division, which provides a lot of support for the four different agencies that report to the minister. But the most material change there is that as the ministry contributes to a government-wide accommodation savings target, we actually took our share of that target out of that division as well.

The Vice-Chair: Thank you very much for that answer. We'll now go to the third party.

Mr. Peter Tabuns (Toronto-Danforth): Good day, Mr. Minister. I'm going to be focusing on your growth plan for the greater Golden Horseshoe. My understanding from statements you made at the beginning of this process and from statements made in the House is that without taking action, if we were simply to let business as usual continue, there would be significant increase in travel times in the greater Toronto area and the greater Golden Horseshoe. Can you tell me again what the business as usual would result in, in terms of increase in travel times?

Hon. Mr. Caplan: Sure. Here I have Assistant Deputy Minister Brad Graham. I believe—and I'll stand to be corrected—that the estimate we have is a 45% increase in traffic commute times.

Mr. Brad Graham: Yes, it's 42% to 45%.

Mr. Tabuns: And in what time period? Between now and 2020, 2025?

Mr. Graham: And 2031.

Mr. Tabuns: The first version of the growth plan for the greater Golden Horseshoe had some very useful language around curbing sprawl. It shelved highway projects that would be at cross-purposes with a more compact, intensified region. When we look at the material, when we look at commentary on the material, like the Neptis papers, we see drafts that become increasingly weaker by reintroducing policies that would have created

the sprawl that grips the GTA in the first place. For example, the density target of greenfields development is 50 jobs and people per hectare, a level that, as far as we can tell, really doesn't make much difference in terms of making transit viable. The growth plan for the greater Golden Horseshoe states that 40% of all new residential development must be constructed within built-up areas by 2015. Neptis Foundation research shows through modelling that at this rate of intensification, "The amount of new residential development that would be shifted from farmland to genuine intensification is likely to be insufficient to produce the plan's desired outcomes." Do you have research to show that Neptis's analysis is incorrect?

Mr. Graham: I'm familiar with the paper that they wrote, but I must admit that it was some time ago that I read it, so I can't respond to the specific details today. But just a couple of points: In moving from our draft work into the final growth plan, you mentioned the 40 people and jobs per hectare—

Mr. Tabuns: It's 50.

**Mr. Graham:** I'm sorry, 50. In fact, in our earlier version that number was 40 jobs and people per hectare in the outer ring, and in the final version we actually upped that for the whole region on the thesis that a greenfield was a greenfield was a greenfield and that they should all be developed the same. As well, not just to focus on the 50 jobs and people per hectare, there are also policies included in the growth plan to ensure that as that development happens, it happens in a way that's transit-supportive. Currently we have fairly dense suburban development, but it's happening in a form that makes the introduction of transit pretty difficult. So there's a form policy there as well.

In terms of the 40% intensification rate, we did look around the world and we had some work done here by Urban Strategies and we were working closely with Neptis as well. When you look at jurisdictions around the world, you can see varying rates—some as high as 70%—of intensification. But they tend to be for targeted and mature urban areas. The 40% rate we have set in Places to Grow is for the entire greater Golden Horseshoe, as measured at the upper and single tier. Take, for example, Toronto. It is, in effect, at about a 100% intensification rate. In the calculation, therefore, of the 40% in other regions, you don't get the bonus of Toronto. Each upper tier will have to achieve a 40% intensification rate. Currently, to our best knowledge, intensification rates are running between 10% and 15%. So it is raising the bar quite substantively between now and 2015.

Hon. Mr. Caplan: Do you actually have modelling that you can table that will show that Neptis's commentary that the plan as presented is not going to provide much variation from business as usual—did you do modelling to show that in fact we wouldn't be looking at these big increases in travel time?

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**Mr. Graham:** We definitely have an analysis that I think we can provide on that. We didn't remodel because, as you'll appreciate, it depends on all kinds of assump-

tions one makes in terms of densities and intensification and the like. But we are familiar with the work and we can provide some—

Hon. Mr. Caplan: I believe, as well, that we have posted three technical studies—I believe they're posted on our website—that can be made available to you or to any member of the public. Remind me what those studies were?

Mr. Graham: There was a land supply paper, the intensification paper, and the third now is escaping my mind.

**Hon. Mr. Caplan:** Yes, but there is a third one which provides some very good baseline data and analysis that is certainly available to this committee or to any Ontarian who would want to visit www.pir.gov.on.ca.

**Mr. Graham:** Again, I can't recall the details of that study, but I think there was some misinterpretation about the assumptions made in that analysis that differ from the policies of the final plan; but we can provide that to you.

**Mr. Tabuns:** Given your analysis, compared to business as usual, which would have a 45% increase in travel times between now and 2031, what will be the increase in travel times?

Mr. Graham: We don't know that right now in the sense of what the ultimate implication of the plan will be. We just know that the analysis Neptis undertook and that we participated in was: What would be the increase in travel time if we continued on our current rate of consumption based on our commuting times today?

Hon. Mr. Caplan: If I might, much will depend over the course of the next quarter century on the kind of infrastructure investment plan that is put in place for transit. For example, in our last budget in March 2006, there was the Move Ontario plan to support the Mississauga bus rapid transit, the Brampton AcceleRide, the subway extension up to the Vaughan corporate centre on Highway 7, support for York region's Viva project. These kinds of investments, cumulatively, with the Canada—Ontario agreement for a \$1-billion investment for the TTC and another \$1 billion for GO—these are the kinds of investments which will give life to expanded transit and expanded options which will relieve some of the pressure on the commuter network.

However, I would say that over the course of time, if provincial governments do not make the kinds of investments, especially in transit, that ought to be made—we've seen previous governments off-load transit entirely onto municipalities—I think you would not see an improvement in the kinds of transit and commuter time data that we are projecting.

Mr. Tabuns: Unless I'm really wrong, you don't have a target for reduction of the business-as-usual increase in travel times; you have a notion. You'd like it to be shorter than a 45% increase between now and 2031. I don't hear a 10% increase in travel times; I don't hear a zero increase in travel times; I don't hear a 50% increase in travel times. You don't have a target. Is that correct?

Hon. Mr. Caplan: I don't think that's an accurate characterization, Mr. Tabuns.

Mr. Tabuns: Well, then, tell me the target, Minister.

Hon. Mr. Caplan: We have a significant transportation investment plan with our partners, with the city of Toronto, in Peel region with Mississauga and Brampton, with our partners in York region, and of course our partners on an interregional network as given life through GO, which we believe will result in the kind of transit expansion which will work to deal with some of the traffic and commuter time problems we are currently experiencing.

What we meant and what we showed was that if there was no work begun, if there was no investment, if there was no plan to connect up those urban centres, this is the likelihood you could reasonably expect, based upon the data. So because of ReNew Ontario, the provincial government's \$30-billion five-year infrastructure investment plan, because of the Canada–Ontario municipal agreement, because of Move Ontario, we are seeing, I dare say, a renaissance in public transit, in the kind of investment. We will be measuring the kinds of results we're getting. I'm sure that our partners, municipally and in business and industry, as well as our environmental partners, will be measuring the cumulative effect of these kinds of investments.

Mr. Tabuns: Mr. Chair, I have a question. Do you have a target for increased travel time in the GTA? You have a target for spending money; I'm hearing that. You've spent a lot of money. You're going to spend billions of dollars. What difference will it make in terms of travel times and greenhouse gas and smog emissions? What will be the concrete outcome of all the spending? You can tell me all the money you're going to spend. I want to know what you expect to get for the purchase.

Hon. Mr. Caplan: I disagree with the way in which it is phrased.

Mr. Tabuns: I have a question.

Hon. Mr. Caplan: Well, I have an answer, sir.

**Mr. Tabuns:** Is there a target?

**Hon. Mr. Caplan:** Are you going to allow me to answer, Mr. Tabuns, or not?

**Mr. Tabuns:** I asked you, is there a target? You can tell me whether there's a target or not.

Hon. Mr. Caplan: Mr. Tabuns, I don't tell you how to ask the questions. Please do me the courtesy of not telling me how to answer the questions. I'm trying to keep it short to allow as much opportunity—

The level of investment in transit is quite breathtaking, in my opinion. It's characterized, I think incorrectly, as spending. I see it as an investment in moving people and in moving goods across this region. We do know—from some work that has been done by chambers of commerce, by the Toronto Board of Trade—the effect of gridlock and the effect of commuter times. By making these kinds of investments, I hope you would agree, Mr. Tabuns, that these are the kinds of investments in public transit to a much more balanced approach and to one which is going to get people moving.

Of course, the evaluation of what we achieve for those investments will be the subject of, I would hope,

foundations like Neptis, like the Toronto Board of Trade, like the environmental movement which is very supportive of transit investment. Certainly I know that our municipal partners are. That's a body of work that we will work on collaboratively, as we have in the past.

Mr. Tabuns: I'm going to assume, Mr. Chair, that I'm not going to get an answer to the question, "Is there a target?" because I've asked and I don't get an answer on targets. I have to say to the minister that I was in Ottawa. I watched the federal Liberals and their climate change plan: \$6 billion in announcements and a 26% increase in greenhouse gas emissions, when the target was 6% below

I know you can make a lot of announcements and spend a lot of money and not get anywhere near what you state is your target. You don't even have a stated target. There is no target. I'm told there's a wish and a prayer that the spending of the money will be effective. We'll see if in fact it's effective or whether it's wasted spending. We don't know and we won't know, because you don't know where you're going. You don't know what you want to achieve.

Hon. Mr. Caplan: I say, with respect, that I completely disagree, Mr. Tabuns. Certainly this is the first time that we've set out a blueprint for growth, but also to protect valuable natural places in the province.

Earlier you asked questions in this committee on the government's operational energy reduction plan. You asked specifically the amount by which electricity consumption will be reduced by 2007 and the end of the planning period. Mr. Chair, I'm very happy to provide Mr. Tabuns and this committee the response.

The 2002-03 baseline electricity consumption in government-owned buildings was 644 gigawatt hours. Electricity consumption was reduced to 587 gigawatt hours by 2005-06. A 10% reduction will be achieved in 2007 which equals 64.4 gigawatts. By March 31, 2006, the government had reduced electricity consumption in Ontario Realty Corp.-operated and ministry-operated buildings by 8.8%, or 57 gigawatt hours.

Clearly, the government is setting targets. The government is moving towards those targets. The government is setting targets for urban design, for people and jobs being located in municipalities, and we are achieving those targets. So I completely disagree with the characterization. I understand that you and I may disagree, and that's perfectly allowable in this forum, but I completely reject the premise of your question, sir. 1640

Mr. Tabuns: I find it interesting that you cite the 10% reduction in power consumption—you actually set a target. You can now tell us whether you met your target. In terms of "business as usual" and the increase in travel time, you have no target for reduction from "business as usual." Frankly, you can meet your target of spending and you have no target for reduction in travel times or pollution. So we will never know whether or not you met your target, other than your target to spend money, and that's where we stand in terms of your approach on this.

One of the other issues in terms of the greater Golden Horseshoe plan shifting backwards in the course of drafts was the whole question of building highways that would run at cross-purposes with intensification—projects like the Highway 404 extension to Lake Simcoe, which was not in the first plan and made a comeback in the final plan. This extension, taking Highway 404 to the southern tip of Lake Simcoe, is key infrastructure that will fuel urbanization of agricultural lands in the Queensville, Sharon and Holland Landing areas of York region north of the Oak Ridges moraine, as well as much of south Simcoe county. The route of the extension passes through the greenbelt established by the provincial government last year. Prominent environmental and sustainable planning groups have called it "a road to sprawl."

So, despite the evidence of this road undermining the goals of curbing sprawl and preserving prime agricultural and natural heritage lands, why did this highway come back into the plan?

Hon. Mr. Caplan: Again, I completely disagree with the premise of the question, Mr. Chair—in fact, had always indicated working in collaboration with our partners in York region to open up key employment lands in that area. I can tell you, in looking at the conceptual map, that it does not, as the member has just suggested, even come up or touch the southern end of Lake Simcoe. It certainly does not. I can tell you, had always indicated, we would continue Highway 404 up to Ravenshoe Road, and that's precisely what we're doing.

The Vice-Chair: You've got about three minutes left, Mr. Tabuns.

Mr. Tabuns: Okay. I would just note that in the Pembina Institute report they say, "Highway projects identified in the initial drafts of the plan as not being immediate priorities, and which contract its overall directions, such as the Highway 404 extension to Lake Simcoe, reappeared in the final plan." In other words, a road that had been set aside because of its sprawl implications comes back in your final draft in order to abet and aid sprawl in this region that has sprawl as a problem, leading of course to a "business as usual" implication in terms of travel times, greenhouse gas and smog emissions. Why did you make the decision to move it up and have it go forward?

Hon. Mr. Caplan: As I say, I disagree with the member and with the premise of his question; in fact, quite early on, had provided the region of York with the assurance that we were going to support the extension of Highway 404 up to Ravenshoe Road. In fact that's precisely what we're doing and what the plan calls for. That is part of-and we're very pleased to be very explicit in our support for the opening up of significant employment lands.

I know that my colleagues in York region had the very happy occasion to be there to talk about this wonderful news. There's no mystery whatsoever. In fact, in our printed southern Ontario highway program, I refer you to page 13: On Highway 404, central region, a number of different projects are moving ahead, one of them "Green

Lane to Ravenshoe Road, York region, new four-lane highway"—target start date, 2008; target completion, we have "beyond 2010."

We have always been explicit in our support for the project, and I couldn't be any more clear about the direction this government is pursuing growth and development. But I would, for example, quote David Amborski, professor/director, School of Urban and Regional Planning, Ryerson University: "The absence of large-scale comprehensive planning has resulted in the loss of green space and development patterns that don't support transit and consequently contribute to pollution and smog. The growth plan'—for the greater Golden Horse-shoe—"will help set us on a new path that leads to greater transportation choices, more liveable communities, reduced development pressure on our natural areas, and a cleaner environment."

Mr. Chair, I hope I have an opportunity to read into the record much of the other support that this plan has received from business and industry leaders, municipal leaders and environmental leaders, domestically and internationally.

**The Chair:** Okay, that's it for the third party. Now we'll go to the government, if you have any questions.

Mr. John Wilkinson (Perth–Middlesex): Welcome, Minister. I'm interested in having a brief discussion about COMRIF, the Canada-Ontario municipal rural infrastructure fund. The first thing I'd ask you is, we know that municipalities are now applying for the third round under the one program. Where are we with the federal government? There's a question about whether or not this is something that could be of benefit for all Ontarians for years to come—just your thoughts about how effective the program is, where you think there needs to be some improvement, because there's a great need, as we all know, in rural Ontario.

Hon. Mr. Caplan: First of all, thank you for the question. COMRIF, the Canada-Ontario municipal rural infrastructure fund, is really quite a departure from the way that we've structured federal-provincial-municipal costshare agreements before. This one in particular was just under \$1 billion, a one-third/one-third/one-third contribution from each partner. But as we've seen in the past, what happened was that applications would generally come in to the provincial level, they would be evaluated. they would be referred to another level of government, and they could be accepted or rejected at any point along the way with really no criteria basis or no seeming public rationale for why things were moving ahead or not. I had a conversation very early on with my federal counterparts and said, "Listen, I think we can structure things in a different, more open and more transparent way. Let's form a joint secretariat where we receive one application, we evaluate on the same criteria at one time and we're able to nominate or speak to the municipalities that have been successful and not successful at the same time with a very quick and short turnaround."

In the first intake of COMRIF, the cut-off date for applications was January 2005, and we were able to com-

municate with the successful applicants in April 2005, literally a three-month turnaround. We received over 350 applications; 208 projects were approved in 120 municipalities. The province contributed roughly \$125 million. The thing that I most especially liked about it was that we were able to achieve, through some direction and some design, a measure of regional equity. By that I mean simply this: Northern Ontario received roughly one quarter of all the projects, eastern Ontario roughly one quarter, southwestern Ontario roughly a quarter and central Ontario, including the great riding of Huron–Bruce, received roughly a quarter. So we were able to achieve a measure of fairness and equity among the various regions.

I would say one program is not going to redress or reduce the kind of infrastructure deficit that we have. One of the things I've called upon our federal colleagues to develop is a longer-term and a perpetual one. I am really pleased, and I want to give credit where credit is due. In the last federal budget I believe there was a \$2.2billion municipal rural infrastructure fund. We are currently in some negotiation with our federal counterparts on cost-sharing, on the ways forward. I'm really pleased that we were able to approach our partners at the Association of Municipalities of Ontario for not only their input but their feedback. So municipalities helped to design a program that would work for them, helped to provide the know-how and expertise to their member municipalities to be able to get good applications. In fact, part of the job of the COMRIF secretariat is to provide helpful feedback to municipalities about why applications were successful or not successful, because we don't want municipalities not to receive funding on technical grounds or on grounds that their applications were not properly put together. We want everyone to be on a level playing field.

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I should mention that in the second round of COMRIF we had 339 municipalities submit proposals. The province contributed in excess of \$117 million, and that was funding to 88 municipalities for 145 projects. Just to give you some of the interests: roads and bridges accounted for 279 in intake one and two; water and waste water some 61 projects. I think we had some waste management as well.

The feedback from municipalities of course is that they would like a perpetual program. They'd certainly like some stability to it. Those kinds of principles I think work very well with the fair share campaign that Premier McGuinty has led to ensure that Ontario receives its fair share of federal programs, to make sure that we can get those dollars into the much-needed hands of our municipal partners.

Mrs. Carol Mitchell (Huron-Bruce): Thank you, Minister, for the comments about the most beautiful riding in Ontario, that being Huron-Bruce.

**Hon. Mr. Caplan:** Aside from Don Valley East, of course.

Mrs. Mitchell: You have to get it in every chance you get.

One of the concerns that comes from my riding repeatedly is water investment strategy. Where are we going and how are we going to get there? We have numerous small wells, we have regional well systems. We have what one would call a mixed bag. It's certainly something that you have made reference to in the past and will continue to do that, and we talk about a perpetual program for funding as well.

I guess what I would like to hear today is, where do you see our strategy going and what is needed? What must happen within our water systems in order to move into the future?

Hon. Mr. Caplan: That's a great question. It's a difficult one to answer in isolation because, by and large, I think almost exclusively, these are municipal systems. So I think the first and most important principle is that we have to take a different and a much more collaborative kind of relationship and directed focus with our municipal partners.

I spoke to my officials very early on and said that clearly water is of keen concern in large urban centres, small rural communities and scattered northern communities as well. Regardless of where you are in Ontario, water is a basic building block, a basic fundamental for growth and development, a basic fundamental for public health and safety concerns. Of course, we did have the excellent work that Justice O'Connor did in the kind of structuring, regulatory regime, the kinds of practices that we would need to get into our water system.

I spoke to my officials very early on at the outset of the Ministry of Public Infrastructure Renewal—What do we need to do? What was the kind of advice we needed to get?—because there are a great number of things and a great number of needs that are taking place across the entire province. We have some excellent examples. For example, the member from Stratford would be well aware of Middlesex county, Huron, London, Elgin, Perth, working together on a regional water system. So there are in fact local solutions that are coming forward.

We asked Dr. Harry Swain, Professor Fred Lazar and CAO of Hastings county, Jim Pine, to form an expert water panel to connect with our local officials, our local water utilities, the environmental community—people who care about water and the need for water investment—and they came up with a series of recommendations and a report to me. It's called the report of the expert water panel. It doesn't have a very sexy title to it, except it's called Watertight: The Case for Change in Ontario's Water and Wastewater Sector. I have taken that report very seriously. They highlight a need for investment over the next short while of, I believe, \$25 billion, plus \$9 billion required for rehabilitation and maintenance or past deferred work that should have taken place.

I took the opportunity to sit down with the executive of the Association of Municipalities to go over the findings of that report, to collaboratively plot out our next steps and how we could work together. One of the things that municipal leaders have stressed to us is the need for flexibility for municipalities to come up with their own

solutions. So whether that would be the town of Russell in eastern Ontario working with-and I see some colleagues from that region here today—the city of Ottawa, or whether that would be, as I mentioned in London, that down in Windsor and Essex region we have a cooperative effort between the city of Windsor and Tecumseh, and they're now working to bring other partners into this water servicing plan, clearly there is other work that is going on. Our colleague the Minister of the Environment, at AMO in Ottawa, spoke to the municipal delegates about undertaking technical consultations on the former Bill 175, the Sustainable Water and Sewage Systems Act. We're going to continue to work with our sector partners: the Ontario Municipal Water Association, the Ontario Water Works Association, the Walkerton Clean Water Centre, the Ontario municipal association-and many, many others, including the Ontario Sewer and Watermain Contractors Associationon getting the kind of investment that we need.

It is a rather large piece of public policy. It is work that we are engaged in and we hope to keep advancing that particular work through this mandate, and the next one, of the McGuinty government.

Mrs. Mitchell: Minister, what do you estimate the needs are in water and waste water throughout the province?

Hon. Mr. Caplan: Oh boy, that's a hard question to answer, because the needs are twofold, both for that which requires remediation and that which is required for growth. Over the course of the next 20 year or so, the best estimate that I've seen from my officials at public infrastructure renewal is somewhere between \$40 billion and \$50 billion worth of investment into the water and waste water sector. Of course, if there is innovation, if there is the ability to co-operate and collaborate, perhaps that will change some of those investments or some of the way that it's done. Remember, that's over a longer period of time. But I do say, and I want to be very upfront in my comments to this committee, this is an area that we've had significant underinvestment in in this province with our municipal partners over a long and sustained period of time. This is an area where we do need to develop this kind of strategy and collaboration.

Mrs. Mitchell: And certainly the municipalities recognize that a significant investment has to be made in their water and waste water systems and are looking for the tools to move forward.

Hon. Mr. Caplan: I think it's just so easy because the pipes are underground, because it is out of sight, out of mind—literally. That's perhaps been the challenge for us. But I think that the tragedy in Walkerton in 2001 really heightened and focused attention. In speaking with municipal officials, with officials in the water sector, I know that there is a great deal of awareness, and I am committed to that full collaborative effort and that partnership in working to develop a water investment strategy for this province.

Mrs. Mitchell: How much time is left?

The Vice-Chair: You've got about six minutes.

Mrs. Mitchell: Okay. Do you have a question, David? Mr. David Zimmer (Willowdale): Thank you.

Minister, the last day we were here, I asked a question just at the end of the day, and I think you made it quite clear you wanted to answer that today. The question had to do with all the good things that we're doing and so on, and while many, many people are genuinely in support of all the initiatives, when it comes down to something happening in their yard, the hoary head of NIMBYism raises itself. How we are we going to deal with all of those issues?

Hon. Mr. Caplan: I think that's a great question, because one of the comments that I've received, especially from municipal, business and industry, and environmental leaders, is the need for public engagement. I think much of the problem stems from the fact that community residents discover things after the fact, after an application is submitted, after various projects move through an approval process, after there's perhaps a perceived threat to a local neighbourhood. Very much so. I'm heartened by the work that we did on Places to Grow, where up front and beforehand-and I want to give some credit to the previous government. My predecessor, Chris Hodgson, took on and built this coalition of individuals, and was very much interested and committed to wanting to build the public engagement, the public dialogue, and to move forward in the kind of growth planning that I've had the privilege to lead over the last three years. So it's not simply our government alone. I think others, quite fairly, have seen the need to be able to do this.

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That's why John Gerretsen, the Minister of Municipal Affairs, has brought in some key changes to the Planning Act, certainly with Bills 26 and 27, which have a change from a "regard to" standard to a "consistent with" standard, which means that the Ontario Municipal Board, as it evaluates planning and development applications, must be consistent with the provincial policy statement, must be consistent with Places to Grow, with the growth plans, must be consistent with the zoning changes and bylaws that are subsequently brought in by the official plans and secondary plans and the other kinds of documents that the public had been engaged with at the outset, at an earlier time, when they were brought to the attention of a local community.

I very much want to say that it's been a collaborative effort—the Ministry of the Environment, the Ministry of Transportation, the Ministry of Municipal Affairs—but in this particular case municipal affairs: the changes to the Planning Act under Bill 51; specific changes to the Ontario Municipal Board to give direction and a framework for understanding and evaluation as these decisions come forward. But most importantly, the work that our ministry did going on the road: Brad Graham, who was up here earlier, and I travelled to literally dozens of community meetings, large and small, to engage, to listen to community residents speak about how they thought growth and development and protection of their particu-

lar community should happen, and we were very much guided by that. Earlier, there was a question from opposition members: Why were certain changes made from the draft plan to the final plan? Quite frankly, because we listened. We listened to community residents about the ways and means and the number of different views they had in putting together a plan that so many could buy into.

The Vice-Chair: You've got about two minutes, Mrs. Mitchell.

Mrs. Mitchell: This is just to add further to the discussions that we've had on water, waste water and roads. I want to make mention of the \$11 million that Huron–Bruce was successful in receiving from Move Ontario. But I also wanted to give you the opportunity to talk about further details on Move Ontario. I do want to say how important it has been to the cities and the small rural ridings. Our roads had been neglected with previous governments for over a decade, and this single investment of Move Ontario has made just a tremendous difference in our rural communities. The level of paving and asphalting and the difference it's made on our roads is tremendous. So Minister, could you just provide us with a bit more detail on Move Ontario?

Hon. Mr. Caplan: Move Ontario was a \$1.2-billion initiative in the last budget—very well received. We focused on urban transit in some key areas in the GTA, but transportation in all of Ontario is of critical importance to our government. That's why in excess of \$400 million was provided to municipalities for investment in road and bridge and infrastructure projects. We have had such tremendous feedback.

One of the things which often happens is that provincial governments are very prescriptive about how dollars are to be spent and where they're to be spent. Oftentimes, we choose the projects that municipalities in turn provide. Move Ontario was quite a departure, where we said to municipalities, "We have confidence that you can identify what is going to work for economic development, for community safety and what have you as far as road and bridge projects in your particular municipality." So we provided what are called unconditional grants to municipalities. We uncuffed and unshackled municipalities and provided them the ways and means to be able to make that kind of investment.

Now, would you ask, "Is it enough or is it sufficient?" the short answer is no, but it's a darned good first step, or actually a second or third step, in getting the kind of investments in our municipal roads and bridges.

Just by way of illustrating, I had one municipal leader at AMO—I had several, actually, but one that I would highlight—tell me about a project that never would have moved forward but for the arrival of those critical dollars from the Move Ontario fund. In fact, that's going to open up new employment and economic development opportunities in a small town in Ontario. That's the kind of investment, an investment in getting people moving, in getting goods moving and in building and supporting jobs for which I know the fund was set up. I look at the

recent fall economic statement where Finance Minister Sorbara talked about, even to a greater degree, accelerated infrastructure investment, to get people and jobs, growth and development and support to our regions of Ontario which are badly in need of that kind of investment.

Ms. Lisa MacLeod (Nepean–Carleton): I appreciate the opportunity to participate in today's committee. I have several questions for the minister with regard to the Ottawa light rail project. I'd just like to follow up on some of the questions I had in question period today. I wasn't satisfied with the answers, because, quite frankly, I wasn't convinced you understood the file. So I'm going to ask again.

The former mayor of Ottawa has said—and I've got the letter right here, and it essentially says, "Any contemplation of the proposed east-west LRT project, or other potential alternative investments, would be inconsistent with the terms and conditions of our MOU."

Essentially, former Mayor Chiarelli suggests that this is in terms of the project which many of the candidates in the municipal election didn't support. If it wasn't supported by the next mayor, the province of Ontario will be removing \$200 million, because they didn't support the plan as is. I'd like you to clarify: Was the previous mayor correct in saying that if the LRT project in Ottawa is at all modified, you will not be forthcoming with \$200 million?

**Hon. Mr. Caplan:** Well, Mr. Chair, certainly I don't appreciate the comments earlier. I know this file quite well and I would suggest that the member opposite really has never been a supporter of it.

**Ms. MacLeod:** Mr. Chair, that's categorically false. If he wants to editorialize things that he doesn't know about—

The Vice-Chair: Okay, answer the question. We're in questions and answers, okay? Go ahead.

Hon. Mr. Caplan: Well, Mr. Chair, the member made several statements which I think I should be entitled to address.

The Vice-Chair: All right. You answer the question. Hon. Mr. Caplan: If the member wants to editorialize in her question, I think I should be entitled to a rebuttal.

On April 21, 2005, I was quite honoured to sign a memorandum of understanding with the city of Ottawa and with our federal government in good faith to support what the city of Ottawa had identified as a top investment priority: the north-south line of the Ottawa train. I was quite proud of it then and I stand behind the memorandum of understanding and the agreement that we have, which in fact was recently ratified in either the late spring or summer by the city council of Ottawa.

I can tell you that the problem has really been—and I hope the member will take this seriously because it has been the interference by the federal president of the Treasury Board in the municipal election which has thrown this project into complete disarray. I know that the federal minister, for reasons that are unknown to anybody, has decided to meddle and apparently—I hope not, and I hope the member would join with us to get our

federal colleagues to live up to the agreement that they signed in good faith with the city of Ottawa and the province of Ontario to support that much-needed transit expansion.

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Of course, I do want to say at the outset that I congratulate Mr. O'Brien, the mayor-elect of Ottawa, on his election victory last night and I look forward to an opportunity to chat with him and with council on any future direction. But I want to be very clear: The Ontario government has signed an agreement with our partners, and we stand behind that agreement.

Ms. MacLeod: Fundamentally, there is a misunderstanding of what the situation in Ottawa actually is. I'm going to take a few seconds to explain it, because this is major infrastructure funding not only for my community

but for my entire city.

Essentially, this \$200 million, at all three levels of government, was committed on May 14, 2004; \$600 million was committed before there was an environmental assessment done and details for the current light rail project were actually set in stone, which is fine, because it's a great investment in my community.

I've got a letter here from mayor-elect Larry O'Brien, who wrote to John Baird asking him to do some due diligence on the O-Train file. He says, "In a letter sent to Treasury Board President John Baird, O'Brien asked if a due diligence review is in progress and whether the \$200 million grant was conditional upon the federal government being satisfied that the overall expense to Canadian taxpayers is justified." That did occur.

A couple of days later, I put down a few order paper questions asking if the province did due diligence as well, because the appetite for accountability and transparency in Ottawa is very high. John Baird did that. He made a commitment to the people of Ottawa. He said the next council can make a decision on whether or not they want to move forward on light rail in Ottawa. Overwhelmingly last night there was a decision made by the new mayor and by the people of Ottawa that the current project might change.

In any event, I'll wrap this up. To be very quick, we got a letter on Friday in the city of Ottawa—now John Baird has committed. There's \$200 million coming from the federal government, waiting to be spent by the city of Ottawa. We have a problem here with the province of Ontario not committing to keeping that pool there for the new council, who may or may not decide to go with the current plan. That's where we fundamentally have an issue and that's why I would like to listen to what the minister has to say. Maybe he can shed some light on why he's obfuscating right now.

Hon. Mr. Caplan: I don't think "obfuscating" is in order, Mr. Chair; I think the member has to withdraw that.

The Vice-Chair: I'm not sure what you-

Hon. Mr. Caplan: She just accused me of lying.

Ms. MacLeod: No, I didn't. I just-

Hon. Mr. Caplan: Don't be smug. You're not that clever.

The Vice-Chair: Rephrase it, and answer the question.

Hon. Mr. Caplan: I want her to withdraw it.

Ms. MacLeod: I withdraw it. I didn't mean to hurt your feelings.

The Vice-Chair: Now answer the question. She wants to know if you're going to put the \$200 million in or not.

**Hon. Mr. Caplan:** I think I should be allowed to answer the question.

The Vice-Chair: Well, then, answer it.

Hon. Mr. Caplan: Well, thank you very much.

First of all, I think it's a little unseemly to see the member front for Mr. Baird. I'm not sure that the chronology that the member offers is either accurate or—

Ms. MacLeod: So can be withdraw the—come on, Mr. Chair. Essentially, all I'm asking—

Hon. Mr. Caplan: Am I going to be allowed to answer. Mr. Chair?

The Vice-Chair: Go ahead and answer the question. Please let him answer.

Hon. Mr. Caplan: I hope you'll keep order, Mr. Chair.

In fact I have a copy of the memorandum of understanding right here. It's public. You will find it on www.ottawa-public-lrt.ca. It is a public document for anybody who wishes to view it, but I have a copy of it here today.

Section 4 states:

"(a) The city acknowledges that Canada's and Ontario's funding for the project remains conditional on meeting, to the complete satisfaction of Canada and Ontario, applicable federal and provincial government requirements including, but not limited to:

"(i) successful completion of all necessary federal and provincial environmental assessments which includes implementation of any applicable mitigation measures in

the engineering design;

"(ii) the city completing a detailed ridership study that

supports the implementation of the project;

"(iii) the city completing a business case that analyzes the technical and financial viability of the project, including those detailed in the Canada Strategic Infrastructure Fund transit information requirement template (the 'CSIF template');

"(iv) where possible, the exploration of the employment of an innovative delivery strategy to offset costs and transfer risk:

and transfer risk,

"(v) project compliance with all applicable laws and regulations, and receipt of all required approvals; and

"(vi) the negotiation of a formal agreement(s) containing Canada and Ontario's terms and conditions regarding the making of contributions including, without limitation, agreed terms and conditions regarding the city's obligation to Canada and Ontario in consideration for Canada's and Ontario's financial contributions toward the project....

"(b) The city further acknowledges that Canada's and Ontario's funding for the project is conditional on approval of funding and approval of, and authorization to

enter into...," subject to Management Board and Treasury Board.

Now the question: Did the city meet the due diligence required in section 4? The answer is yes.

Environmental assessments: The provincial EA was approved by the Ontario Ministry of the Environment on June 7, 2006, followed by federal EA approval on June 16, 2006. I would have thought the member would be aware of this.

The detailed ridership study was completed in February 2005. I would have thought that this member and Mr. Baird would have been familiar with it.

The Vice-Chair: Maybe you're not aware of that. Maybe they do know that, and you're just not aware of that. You're implying that they don't know what's going on.

Hon. Mr. Caplan: Mr. Chair, I don't-

**The Vice-Chair:** That's what you're implying, and if anybody's going to withdraw anything, you're going to withdraw that.

Hon. Mr. Caplan: I don't think we're allowed to debate here, sir.

The business case, in accordance with the Canada strategic infrastructure funding template, was completed in August 2005. The innovative delivery strategy, a study on the north-south land uplift value and capture, was also completed in June 2005. The provincial Treasury Board and cabinet approved Ontario's commitment to enter into a formal agreement with the city of Ottawa and the federal government to fund the LRT project on June 15, 2006.

The question was, was due diligence done? In fact, according to the memorandum of understanding signed in good faith by the federal, provincial and city governments, the city lived up to it and due diligence was done. It's regrettable that, for some unknown reason, this member and the new federal Treasury Board president seem intent upon derailing this particular project.

Ms. MacLeod: That was great. It didn't answer my question. Let me rephrase it. Almost half of the new council has publicly stated since last evening that they will probably vote against the current proposal when it goes back. My question for you! If that changes even one iota, is that \$200 million still going to be made available to the city of Ottawa for rapid transit? Yes or no? It's not that hard.

Hon. Mr. Caplan: I think I'm very clear. Ms. MacLeod: You haven't been clear.

Hon. Mr. Caplan: We've entered into an agreement. It's been ratified by the city council of Ottawa. I've heard a lot of "probablys" and "maybes" and "if" it would be. I do know that the city of Ottawa council has ratified, and it's contained in their minutes, the particular agreement that we have. We stand behind that agreement. It's for \$200 million to fund the north-south rail line. As I said, I have not had a chance to call and congratulate the new mayor-elect, Mr. O'Brien, on his election victory last night. I look forward to having that conversation with him. But we have an agreement, and I want to assure this

member that at least the province of Ontario, unlike, seemingly, our federal government, stands behind the

agreement that it has signed.

Ms. MacLeod: Well, that's great. Right now, on CRFA radio in Ottawa, city councillor Jan Harder, whom my colleague across the floor would be quite familiar with, has indicated that Siemens and the consortium are willing to give mayor-elect O'Brien some time to look at alternatives on the light rail project, so that is hitting the media right now. At the same time, of course, the federal Treasury Board president has just indicated that he has never threatened to pull the funding, like the Ontario government did, and says he is willing to fight for more infrastructure funding for the riding of Nepean–Carleton and the city of Ottawa.

Again I ask, with this new information, with the fact that we've been told today that there's a possibility of half of the council not being willing to support the current light rail project, with the fact that Councillor Harder has now made a public statement that the city of Ottawa and the consortium are considering alternatives, will the \$200 million committed to the city of Ottawa by the province of Ontario on May 14, 2004, still be on the table if that rail line moves one iota?

Hon. Mr. Caplan: I don't think I could be any more clear. It's, as I say, unseemly to see this member shill for President Baird. However, I can tell you that the province—

Mrs. Mitchell: It's sad.

Hon. Mr. Caplan: It's sad, my colleague says, but I think unseemly. I can tell you that the province has entered into an agreement in goodwill with our counterparts federally and locally. It's been ratified by the province of Ontario. It's been minuted at Treasury Board. Our colleagues at city council have ratified it; the ratification of the deal appears, I believe, in their minutes. I don't think I could be any more clear with this member. Notwithstanding the comments of the federal Treasury Board president, I think that actions speak louder than words. The McGuinty government has never wavered one iota in its commitment to Ottawa and to this project. I don't believe this member, nor the federal Treasury Board president, can say the same.

Ms. MacLeod: Obviously, we have a difference of opinion on this letter dated November 10 that was sent by your deputy minister to the city of Ottawa. From my understanding of what the federal government's done and what the city has done—essentially what I'm understanding is that if the light rail project doesn't go through as is, yes, indeed, it will be vetoed. That's a real shame, because that \$200 million is required in my community.

In any event, I have a series of questions that I'd like to ask the minister. I'm just wondering if he could provide the total amount of money that the government has committed to the city of Ottawa. Is it indeed \$200 million, or have additional funds been allocated or set aside for this project?

Hon. Mr. Caplan: It's \$200 million.

**Ms. MacLeod:** Have you at any time thought of initiating a value-for-money audit with the city of Ottawa with regard to this project?

Hon. Mr. Caplan: I think I've already indicated that subsection (4) indicates all the due diligence with business planning, ridership planning—those have been fulfilled by the city of Ottawa. In fact, I believe that this flight of fancy from this member and from President Baird is simply an attempt to derail a very important investment in the city of Ottawa. This government stands behind its commitment.

Ms. MacLeod: Nothing could be further from the truth when you're talking about an investment to the magnitude of what we're talking about—

Hon. Mr. Caplan: We didn't see it over eight and a

half years of the previous government.

Ms. MacLeod: We expect that the money will stay there. There is a lot of support for rapid transit in my community.

I'd like to know how much money has actually been transferred to the city of Ottawa for this light rail project.

**Hon. Mr. Caplan:** None as yet. I can tell you that while there may be a lot of words of support, there was not a lot of financial support by the previous government for light rail investment in the city of Ottawa. I'll let the facts speak for themselves.

Ms. MacLeod: I'm just wondering if the minister can indicate whether or not you've received copies of the contract of the light rail transit program in Ottawa.

Hon. Mr. Caplan: No, we have not.

Ms. MacLeod: Just to correct, we did a lot of work with—I was working at the city of Ottawa when this was

going through with the member opposite.

Essentially, I'm hearing today that it's quite likely that if the project doesn't go through with an MOU, we're probably not going to get the \$200 million. That concerns me greatly, considering the federal government has indicated that they will continue to put the—

Hon. Mr. Caplan: Mr. Chair, can I send some Q-tips

over to the member?

The Vice-Chair: Do you want to continue your line

of questioning?

Hon. Mr. Caplan: Because that is not what I've said. We stand behind the agreement that we've entered into with both our federal and our city partners, and I wish that the member would accurately describe the remarks that I've made. The Hansard record will be very clear about this. It has only been the federal government that has wavered in its commitment to this project, and I think that's regrettable.

The Vice-Chair: It is estimates, and you can continue on with your line of questioning. You've got three more minutes

Ms. MacLeod: It just concerns me, knowing what I do know in the community and seeing what we've seen in terms of the correspondence and the fact that the mayor-elect actually did write a letter to the Treasury Board president, and that's why he got involved—we're still wondering exactly why this letter showed up three

days before the municipal election with the candidate who had the as-is project benefiting, obviously, from this letter, while the other two candidates at the time—

Hon. Mr. Caplan: Can I answer that?

The Vice-Chair: Let her finish her question and then you can answer.

Ms. MacLeod: —weren't supporting the current LRT project. I guess what it all comes down to at the end of the day is \$200 million that should be going to my city. Ouite frankly, we're nervous that this—

Interjection.

Ms. MacLeod: Well, I come from working at city hall, and the one thing I enjoy about the city of Ottawa is that they've got competent city councillors who are duly elected by the people of the city of Ottawa, and they should be able to make the decisions on whether or not—

Interjection.

The Vice-Chair: You don't need to heckle her, okay? She hasn't heckled you.

Go ahead.

Ms. MacLeod: Minister, do you not believe that the city of Ottawa councillors who were elected last night and the newly elected mayor should define their own transportation and transit initiatives, yes or no? Because this is what it all comes down to, with this letter that you've sent to Mr. Kirkpatrick, who is the city manager in the city of Ottawa. It essentially tells us, "If you go outside the parameters of the MOU, even though you're a new council, we will not be giving you the money." Former Mayor Chiarelli actually looked at this and took from it that any future monies will be vetoed and the next plan will be vetoed.

Hon. Mr. Caplan: Well, I have the e-mail from Réjean Chartrand to Deputy Minister Layton, copying Mr. Kirkpatrick. It says, "You have no doubt been kept informed concerning the federal funding for the city's LRT project and the need to have our new city council support the project ... as a condition for the Minister of

Transport...."

So notwithstanding the fact that our federal government, supposedly in good faith, signed an agreement with the province and the city, it now wants some additional approvals. Notwithstanding the fact that we have the signature on a memorandum of understanding, a federal cabinet minister is now deciding, "Well, notwithstanding any of that, we want some future group of people." Notwithstanding the fact that the city of Ottawa cancelled it, this member extols the virtue of these elected officials who want to take it out of their hands. I think that's reprehensible, because I support local councillors making decisions about local investment. Anyway, so Ms. Chartrand, I assume—

Ms. Lavton: Monsieur.

**Hon. Mr. Caplan:** Monsieur Chartrand says, "We will use your response in any communications related to this with our council elect.

"An early response would be appreciated. Please feel free to call Kent or myself directly...."

That was on November 6 at 4 o'clock in the afternoon.

**Ms. MacLeod:** So you just sent a letter three days before the municipal election so that one of the candidates could have a press conference three days before a municipal vote—

Hon. Mr. Caplan: Hold on.

The Vice-Chair: Let the minister finish and then we're done this round, okay? So Minister, if you could finish very quickly because we want to go on to Mr. Tabuns.

Hon. Mr. Caplan: We received a request for an early response from the CAO of the city of Ottawa. We provided a response and now we're being criticized for responding too quickly. Under previous governments, when this member was a staffer, I believe the responses never came forward to our municipal officials. But here's what Deputy Minister Layton says:

"Please accept this letter as a confirmation of Ontario's commitment to the Ottawa north-south light rail ... expansion project as defined in the April 21, 2005 memorandum of understanding ... approved and signed

by Canada, Ontario and Ottawa."

I can't be any more clear than that. Now, of course, I do wish—

The Vice-Chair: End it quickly now, because I want to get on to the third party.

Hon. Mr. Caplan: I appreciate that, Mr. Chair.

From Susan Sherring of the Ottawa Sun: "So it seems Progressive Conservative leader John

Tory is 'disappointed' Ontario Premier Dalton McGuinty is 'threatening to withdraw ... funding if Bob Chiarelli isn't elected.'

"Well, I'm disappointed Tory can't read.

"Let's be clear here.

"The Ontario government has informed bureaucrats in Ottawa that they're on board to hand over their \$200 million for the light rail project now in place.

"And so it's ... clear. The money is there for either Alex Munter or Larry O'Brien if they want to build the north-south route the province signed on for.

"The province isn't saying Chiarelli has to be at the

helm for the money to be handed over.

"And for the life of me, I can't understand why some believe it's okay for Treasury Board President John Baird to go back on his word, and withhold federal funding, and yet Tory"—and this member—"is up in arms because the province says it will honour its commitment.

"Near as we can tell, Tory is upset because the provincial Liberals are keeping their word. Shame on

them."

The Vice-Chair: Okay. Well, we'll watch for that word to be kept.

Mr. Tabuns, it's now your turn.

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Mr. Tabuns: Thanks, Minister, and thanks, Chair.

I'm concerned, Minister, that one of the Smart Growth policies you seem to be withdrawing from is changing the land transfer tax rebate program. It was introduced in 1996, and it's been the subject of considerable criticism for providing incentives to consumers to purchase homes

in new subdivisions rather than homes in existing urban areas. It's quite clear that revamping this rebate so it applies to homes in priority growth areas would help with intensification.

While the first version of the growth management plan mentioned reforming the act, later drafts did not make reference to changing it. Will you be reforming the land transfer tax rebate program to encourage intensification?

Hon. Mr. Caplan: I think it's important to remember that we identified in a discussion paper a number of potential tools that could be used. There has been no backtracking, as the member suggests. We do believe that there are a number of things—and I would highlight for this member, for example, that the Ministry of Finance has recently, in its fall budget bill, introduced pilot legislation for tax increment financing. We believe this is the kind of tool for either infrastructure investment or for brownfield remediation that has proven to be successful in other places in the world. So there are suites of potential tax policy measures that will be brought forward in due course by the people who are responsible—mainly the Ministry of Finance—at the appropriate times to support the overall policy framework.

Earlier, Mr. Zimmer asked a question related to the planning regime and the Ontario Municipal Board. Our colleagues in municipal affairs have brought forward, as I said, Bill 26 and Bill 27, in addition to Bill 51 and the Planning Act. Our colleagues in environment are bringing forward and have brought forward source water protection, regrettably not supported by my colleague Mr. Tabuns. The finance ministry is bringing forward tax increment financing. And there is much more to come and much more over the course of the horizons of the plan.

**Mr. Tabuns:** So will you reform the land transfer tax rebate program to encourage intensification? It's a straightforward question.

Hon. Mr. Caplan: That's an idea that has surfaced. It is still under very active consideration.

**Mr. Tabuns:** So no commitment to it at this point? Okay.

Fiscal downloading has drained municipalities' budgets. To avoid increased property taxes and user fees, municipalities have come to raise revenues through development charges, though in the long run this strategy can be perverse; it leaves cities and towns with costs associated with sprawl.

The first draft of the growth management plan mentioned changing development charges so that they reflect full infrastructure costs stemming from building in greenfields. Subsequent editions of the plan dropped this topic. Will your government be reforming the Development Charges Act so it fully internalizes infrastructure costs of new developments?

Hon. Mr. Caplan: I think that you can see, also from the recent budget bill that was introduced by finance, reform of the development charge regime in the province of Ontario. Is there more work to do? Well, we take an approach to meet and collaborate with municipal, environmental, business and industry officials. I'm sure this will be a topic of conversation, but the necessary first steps are, in fact, being taken.

Mr. Tabuns: So you have a commitment to taking action on this and fully internalizing infrastructure costs?

Hon. Mr. Caplan: As I've indicated, in the recent budget bill there are some of the first steps. The member is also aware that we have initiated a provincial-municipal financial review that is currently under way. I suspect that this particular topic of conversation will form a part of that review, and I'll be very eager to see how that process works and what the fruit of that conversation is, and to take the appropriate steps at the appropriate time.

Mr. Tabuns: Okay. Not yet.

As you know, Minister, infrastructure has an incredibly important role to play to reduce the level of greenhouse gas emissions and smog. It can foster development and transportation patterns that reduce vehicle use. Right now it's not apparent, but major infrastructure projects, particularly those related to transportation, are tested against criteria that measure their impact on climate change and air quality.

Will you require that the approvals process for infrastructure projects be assessed against the criteria outlined by the National Round Table on the Environment and the Economy? I'll just read those to you so that you know what I'm asking about. The National Round Table on the Environment and the Economy set out criteria that needed to be considered when these transportation infrastructure decisions were made, factors such as:

"How the proposed infrastructure investment fits into a comprehensive, longer-term investment plan for improving urban environmental quality;

"How existing infrastructure capacities have been or will be fully exploited;

"How all options for jointly addressing infrastructure needs with surrounding municipalities or other relevant entities have been explored and fully exploited;

"How a comprehensive approach to managing the demand for the infrastructure has been taken (for example, for transportation infrastructure, a transportation demand management plan is required; for water-related projects, a metering program);

"That a range of alternative options for solving infrastructure needs—including other types of infrastructure—have been explored;

"A quantification of the expected environmental improvements in terms of air, water or soil quality of the proposed project and the alternatives."

Quantification, I think, being a fairly important point. So will you require that the approvals process for infrastructure projects be subject to the criteria set out by the National Round Table on the Environment and the Economy?

**Hon. Mr. Caplan:** Well, a very interesting list, Mr. Chair, and certainly a lot to talk about. Earlier the member had asked about the ministry's contribution to greenhouse gas reductions, and I was able to list a number of

initiatives that our ministry is engaged in. For example, public transit: \$838 million to expand and modernize public transit in the GTA—

**Mr. Tabuns:** Minister, I don't mean to be rude, but I asked you a question as to whether or not you'll apply these criteria to projects. I don't need a list of the projects—

**Hon. Mr. Caplan:** You asked a rather long question; I'm trying to provide you with as good and comprehensive an answer as I possibly can, Mr. Tabuns—

**Mr. Tabuns:** Yes, and I understand, Minister, you're very helpful that way, but I want to go back for a minute—

**Hon. Mr. Caplan:** Mr. Chair, may I answer the question, please? He asked a very comprehensive question.

The Vice-Chair: Okay, I don't think he's looking for a long, long list from you. You answer the question, then. You have the floor. You answer the question and then we will go over to Mr. Tabuns.

Hon. Mr. Caplan: Thank you very much, Mr. Chair. Anyway, as I was saying, this kind of investment, according to the Ministry of the Environment, will result in 35 million fewer car trips on Ontario's roads and highways annually. That translates into an estimated reduction of 228 tonnes of greenhouse gases.

Mr. Tabuns: Two hundred and twenty-eight tonnes?

Hon. Mr. Caplan: My apologies; 228,000 tonnes, that single investment alone. All of those factors that you cite, I'm quite intrigued by that list. To date, we have not built that in, but I'm quite intrigued by it and we'll undertake to take a look and see to what extent possibly that could be done. At this point, however, there is no plan to do that.

Mr. Tabuns: Okay. What mechanisms will be used to ensure implementation of the growth management act at

the municipal level?

Hon. Mr. Caplan: Previously, the Places to Grow Act, Bill 126, was passed by the Legislature, which authorizes the Minister of Public Infrastructure Renewal along with colleague ministers to ensure that municipal official plans are brought into compliance with the growth plan which has been set out.

In addition, because it's not simply a land use exercise, I'm quite proud of the five-year ReNew Ontario infrastructure investment plan, which provides the specifics about how and where and when we're going to make the appropriate infrastructure investments to be able to support the growth plan. Not only that, but other colleague ministries: for example, the Ministry of the Environment doing source water protection, wellhead mapping; the Ministry of Natural Resources, natural heritage system mapping and the like; other partner ministries like the Ministry of Economic Development doing identification of key provincial employment areas and the kind of support that would be required there; ministries like the Ministry of Finance-so not just legislative sticks, if you will, but the appropriate carrots and investments to give it life. So it's a comprehensive, multi-ministry not only plan and overview, but partnership on the local level plus the appropriate tools to be able to give it life.

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Mr. Tabuns: So who's the lead ministry?

Hon. Mr. Caplan: The Ministry of Public Infrastructure Renewal.

Mr. Tabuns: How do you monitor it?

**Hon. Mr. Caplan:** In fact, we have something where we meet monthly. We call it, somewhat tongue-in-cheek, the G9, nine ministries that work together. We come back—what's that?

**Mr. Hudak:** What about the Russians? Are they part of the G9?

**Hon. Mr. Caplan:** No, we didn't let the Russians in because they're still working on it. It is only tongue in cheek.

What happened early on, if I can relate this to you—if I get long-winded, Mr. Chair, please rein me in. We got together—

Mr. Tabuns: That is a rare statement. I want it recorded.

Hon. Mr. Caplan: We got together municipal affairs, transportation, environment and ourselves and we worked to map and overlay a lot of the different initiatives, whether it was the greenbelt or source water, whether it was the growth plan or the Greater Toronto Transportation Authority or the like. Four, and then later a fifth, colleague ministries joined us. They are agriculture and food, natural resources, finance, economic development, and energy. These nine ministries meet on a monthly basis. It is not a committee of cabinet, but a unique forum of ministers. And there are parallel Ontario public service, the assistant deputy ministers and others, who also meet in parallel to track all of these initiatives and to be able to ascertain where we are and what we need to do either to maintain on track or to get things back on track, as the case may be. So there's monthly monitoring internally both on a ministers' and a ministry level.

I'm trying to put something that's quite involved into a very compact answer for you, Mr. Tabuns.

**Mr. Tabuns:** And so what action is taken against municipalities that don't meet the growth strategy targets?

Hon. Mr. Caplan: As you would well be aware, in June 2006, the first growth plan was issued. Municipalities have three years to bring their official plans into conformity. So the question is moot at this point, because we're still working with our municipal partners to be able to bring their official plans—of course, as you would well know, under Bill 51, local zoning bylaws are also to be updated and brought into conformity with official plans. At this point, anything other than working with our municipalities to help them to develop the kind of growth management and growth management planning culture that—some municipalities, by the way, are well ahead of the province or their sister. For example, Waterloo region has one of the most outstanding growth management plans anywhere, not only in this province but in North

America, that we can tell. It really does serve as a bit of a model and a template for how it should grow.

I know you'd be familiar with the work that Paul Bedford did on the new Toronto official plan. It contains many of the elements of growth management, a node and corridor strategy, that you would want to see. Is it fully contained within the construct of the overall provincial framework? No. It will need to be brought into conformity. But we didn't feel it was fair to municipalities to say, "The world has changed. Now, overnight, change everything." We want municipalities to be able to connect with relocal residents, to be able to work with their local environmental NGOs, to work with their local business and industry stakeholders to put together a plan that reflects the aspirations and the aspirational nature of each individual municipality. We're committed to working with them to help them achieve that.

I hope that's answered your question.

**Mr. Tabuns:** The Greater Toronto Transportation Authority: I was quite concerned when the GTTA legislation went through, because I didn't believe, and neither did the Ontario Chamber of Commerce, that the act had the power or resources to actually foster public transit in the GTA.

The GTTA is supposed to lay out integrated transportation plans for the region. A week prior to the legislation passing, and actually the same day you presented the finalized growth plan, the Minister of Transportation released the southern Ontario strategic highways program for 2006 to 2010. That plan draws some serious questions about the influence the GTTA will have in transportation planning and shaping a more transit-centred transportation system so there's less gridlock. Will the highway plan—and I think that's what you have in your hand—be changed to conform to the GTTA's regional transportation plan as it's developed over the next year or two?

Hon. Mr. Caplan: I disagree with the comments of Mr. Tabuns. In fact, nothing could be further—the Greater Toronto Transportation Authority is a long overdue initiative. Certainly, others have looked forward. Regrettably, there have been some failed attempts in the past to bring together a super-regional perspective in transportation planning and coordination, the kind of investment that is going to be needed.

I was able to highlight, in answer to an earlier question, part of our Move Ontario initiative: subway expansion, rapid transit in Mississauga, Peel region, York region. I would note for you that Durham region, which unfortunately is not represented on this committee, about a year ago lifted up and created a regional transportation authority. I think that's an excellent decision, albeit somewhat controversial amongst all the participating municipalities. But I think it was fundamentally a good decision because it will enable the kind of regional transportation master plan developed by people in Durham region to be integrated into a Greater Toronto Transportation Authority master plan. And I have tremendous confidence in the new chair, Rob MacIsaac, and the kind

of thoughtful and strong working relationships he has been able to put together over the years.

But I want to be very clear that there is significant need for road, for economic corridors as we call them in our growth plan, or highways as you would call them, Mr. Chair, a need for those kind of investments, particularly pointed toward our key points, our key economic lifelines: our borders. I've said before and I'll say again, we need to have balanced transportation, not only road and rail, but we have to look at the key assets of air and sea to be able to access some of our key markets. That's one of the great things about Places to Grow, because we look to provide the kind of transportation choices for residents and for businesses that will help to keep things moving. We look for the proper balance to be able to make that happen.

If the member has more detailed questions on the Greater Toronto Transportation Authority, those questions ought to be placed before the Minister of Transportation. We do work very closely, and our ministry does support the work they're doing because it is quite integral to the overall growth plan.

As I often say, the greenbelt was critically important because that tells us where growth should not occur. What are those key areas, the key natural features that we don't want to see development overtake, either for employment or residential? Then the next question is, of course, where should growth take place? What should that look like? What form should it be in? The third leg of the stool, if you will, is, how does it all connect together? How does it all fit together? We have three ministries—municipal affairs, public infrastructure renewal and transportation—working very closely, but each with responsibility for those particular initiatives.

So I think your question, Mr. Tabuns, is much better placed before the Minister of Transportation, and I'm sure she could provide a much more detailed answer about the role of the GTTA and what it's going to be doing. But I can tell you, from my perspective, we're quite thrilled that finally this action is taken and that the work will ensue.

The Vice-Chair: You have one more question, Mr. Tabuns, and one more quick answer, okay? We'll go to the Liberals for the last 10 minutes.

Mr. Tabuns: Section 4.2.3 of the growth management plan outlines a strategy to develop "a long-term strategy for ensuring wise use" of mineral aggregate resources in the greater Golden Horseshoe and rehabilitation when feasible. The Greenbelt Act itself has in practice offered little protection to natural heritage lands across the GTA. What further protection, what statutory protection, does Places to Grow offer to protect prime agricultural lands from destruction from aggregate extraction?

Hon. Mr. Caplan: That's a good and a fair question. The policy itself, the blueprint, is not a legislative act. Those would be contained in the Ministry of Natural Resources, in the Ministry of Agriculture and Food or in the greenbelt. But from a policy standpoint, of course we

comment on mineral aggregates. I would say that I'm planning a great deal of infrastructure investment. We are going to need close-to-market supply to be able to make the kind of investment that can build the kinds of hospitals and schools, roads and transit that we're going to need to be able to make the plan possible. So that's why, in fact, we identify it. But prescriptively, the policy is not a legal framework on the aggregate that would be found in natural resources, in municipal affairs, in environment and in agriculture, as you outline it. It's not contained within the Places to Grow Act.

The Vice-Chair: Okay, that's fine for today. Now we'll go to the Liberals. They have about nine minutes left.

Mr. Phil McNeely (Ottawa-Orléans): I was just— Hon. Mr. Caplan: I hope more questions on the O-Train.

Mr. McNeely: No questions, but I was just referred to a few times, so I'd like to take some time to set the record straight. I'm aware of the memorandum of agreement between the province, the federal government and the city. I've looked at it. I just find that the way the province has acted has been to make sure that the agreement was fulfilled but to leave autonomy to the municipality to come up with their project. The meddling, of course, was done by John Baird from Treasury Board, meddling in municipal affairs. As an Ottawan, I would just like to get on the record that I'm not very pleased with that. Certainly, the province has been consistent and straightforward. There's an environmental assessment process and there's a memorandum of agreement. The province, to me, has been very straightforward in following through and leaving municipal autonomy in place.

I want to ask you a question. The record of the former government with Highway 407 was not that great. When we go into new types of bringing forward infrastructure, I think we have to be very careful. The 407 approach: We know what's happened there, where we went through all the heavy lifting as a province and ended up giving a very good facility to others that we can't control the prices on.

I'd just like to ask a question about the alternative financing and procurement program that is presently under way, that Ontario has, the Building a Better Tomorrow framework. The first principle of the framework is that public interest is paramount, and I can see that that is the way these projects are going forward. Your AFP method of financing is different from the previous government's. Under your plan, all core government assets are publicly owned, and will remain publicly owned, and all other assets will be publicly controlled and accountable. I know that the previous government's P3s were not open to public scrutiny and did not ensure public ownership and control of key public infrastructure and services. So I agree this is not about privatization. From my understanding, AFP arrangements engage the private sector in the financing and procurement of public infrastructure to help ensure that projects are delivered on time and on budget. The Ontario Health Coalition has

been fearmongering, saying that AFPs are the same as P3s, and this has caused some confusion. Can you explain that there is a big difference between AFPs and P3s?

**Hon. Mr. Caplan:** Thank you, Mr. McNeely. I was hoping to respond to your comments on the O-Train, but I think you've really said it all.

There's a certain irony. A lot of people, the Ontario Health Coalition and others, believe that the concept of private sector investment partnering with provincial government and other bodies was begun under the previous government. In fact, nothing could be further from the truth. In 1993, then Finance Minister Floyd Laughren introduced something called the Capital Investment Plan Act. I'll just read literally the first sentence:

"The government of Ontario has announced a capital investment plan for Ontario under which the government, municipalities and other public bodies, and the private sector will work together to make significant investments in the province's infrastructure."

So even back in 1993, Mr. Laughren and the New Democratic Party, who were the government of Ontario, started us down the road of working in collaboration with the private sector. The next government came along, took the ball and ran with it. I want to be fair, but I do say that I believe there was either an ideology or another agenda toward privatization of public services, of public assets, and we did see that in relation to one very famous—or infamous, I should say—contract that was signed.

I took the opportunity to talk to Ontarians very shortly after the Ministry of Public Infrastructure Renewal was formed, and I asked about all the different strategies we could use, all the different ways we could invest in infrastructure, because I did talk about the infrastructure deficit. What we came up with was not only the methods but the terms and conditions, the principles under which this should work. I think that's fair, not only for the public, which wants to know, "What are your bottom lines? How is this going to work?" but also for prospective partners in the private sector. It's not fair to them to change the rules of the game or to have, in essence, no rules of the game. So we wanted to set this down into a framework, the Building a Better Tomorrow framework. That's the title. The unglorious title is the infrastructure financing, planning and procurement framework. It's not a very sexy title. It's posted on our website. I encourage all members of the public and certainly this committee to take a look at it and read it.

AFP is different for a couple of reasons. You mentioned public interest and ownership and control. Those are two of the principles. But value for money must be demonstrated, so six months after we achieve financial close, we will issue, and publicly make sure it's available, a value-for-money statement, so that people can compare whether we have the proper accountability—in fact, the first tenders and contracts are posted on public websites—and whether we have a fair, transparent and efficient process. That's important.

AFP will help us to eliminate cost and scheduling and time overruns. It will ensure a better coordination between design, construction, long-term maintenance and better building services. It lessens the financial risk of cost overruns and delays by transferring those risks to the private sector. So these are some of the benefits.

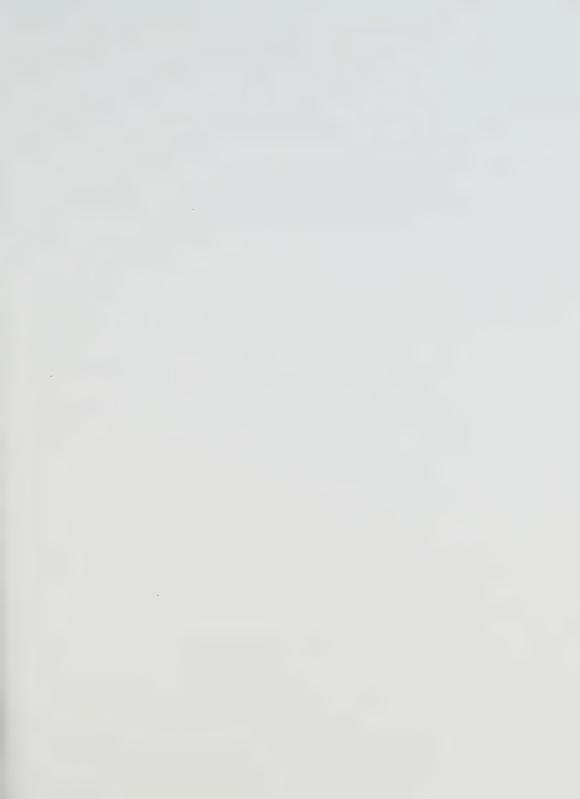
I think it's regrettable that for very narrow ideological grounds, some try to mischaracterize what AFP is, because it is an invaluable tool for us to gain in that kind of investment and, more importantly, get delivering the value for money that our public—the people of Ottawa–Vanier, Don Valley East or anywhere in the province of Ontario—would want to see. With AFP, we're able to

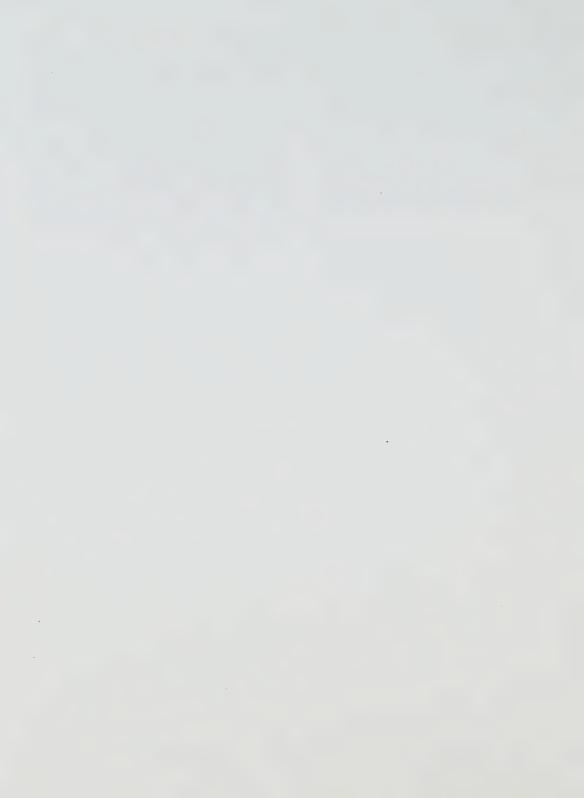
deliver infrastructure projects sooner, not in some distant future.

Someday maybe we'll click our heels, we'll end up in Kansas and we'll still have hospitals which are an average of 43 years of age. That is not acceptable. We need to get this work done. We need to provide modern facilities. We need to upgrade. We need to get that level of investment, and AFP is going to allow us to do it, and do it much sooner.

The Vice-Chair: With that, we're adjourned for today. We'll reconvene tomorrow at 3:30, or following routine proceedings, and we'll be in room 1.

The committee adjourned at 1800.







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# Legislative Assembly of Ontario

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# Official Report of Debates (Hansard)

Wednesday 15 November 2006

## Standing committee on estimates

Ministry of Public Infrastructure Renewal

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

### Journal des débats (Hansard)

Mercredi 15 novembre 2006

#### Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique



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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Wednesday 15 November 2006

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 15 novembre 2006

The committee met at 1612 in committee room 1.

### MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Chair (Mr. Tim Hudak): Good afternoon, Minister, Deputy and members of the committee. We are here to resume the consideration of the estimates of the Ministry of Public Infrastructure Renewal. There are a total of two hours and 21 minutes remaining.

When we adjourned yesterday, the government had 11 minutes remaining on the clock in their rotation. We begin with Mr. Delaney.

Mr. Bob Delaney (Mississauga West): Thank you very much, Chair. Welcome back again, Minister.

I'd like to pick up on something we were discussing when we left off the last time. It was my pleasure to stand with you a year ago August when we unveiled phase 2 at Credit Valley Hospital. That gave my community of western Mississauga, which is the fastest-growing part of the fastest-growing city in Canada, something that it very desperately needed. We had a new hospital 21 years ago, just shortly after I moved to Mississauga, which at the time had 365 beds and capacity for some 2,700 births per year. In the last calendar year, I believe the number of births at that hospital was approximately 5,100, and it has a desperate need for new bed space. So it was our pleasant task at the time to announce to the hospital community that we would begin construction of phase 2, A and H blocks at Credit Valley beginning in fiscal year 2007-08, which is fast approaching.

What I'd like to explore with you is some of the ways in which—and we can pick up pretty much where we left the discussion off the last time—our current means of alternative financing and procurement differs from what is commonly known as a P3, which of course this is not. As our hospital and our community understand, right now our hospital is publicly owned, publicly controlled and publicly accountable, and during construction we are going to remain publicly owned, publicly controlled and publicly accountable. And when the task is done, we are going to be publicly owned, publicly controlled and publicly accountable.

Could you, just for my benefit, elaborate a little bit on some of the changes between that mechanism of finance that is more commonly known as a P3 and the means which we're using to finance these desperately needed hospital projects through AFP?

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): I want to thank Mr. Delaney for the question. It was indeed a wonderful day in August last year to be able to be amongst the great people of Mississauga and talk about the phase 2 expansion of the Credit Valley Hospital. Indeed, I think we acknowledge that in the 905 region in particular, which has seen substantial growth—I believe there's an organization called the GTA/905 Healthcare Alliance. Nine of 11 members of their alliance are seeing hospital projects, new buildings, new developments, which will bring much needed services to this rapidly expanding area.

I'll get to the question on the differences between alternative finance procurement and P3s in one second, but I really want to highlight the overlay of the growth plan, outlining where and how we're going to grow and the important role that this region is going to play in the future growth and development. If you look at where we're making these key and targeted strategic infrastructure investments to be able to support the kind of growth not only that we've experienced over the past number of years but also that we anticipate will be coming over the next quarter of a century, we're doing something that other governments have only talked about, that commentators have certainly urged us to do, which is to get ahead of things, to get ahead of growth. It's very much the same as far as our method of financing the infrastructure that we need. We use a number of different methods: sharing gasoline taxes for public transit. You might want to talk about the wonderful bus rapid transit expansion program or GO train expansion in Mississauga. I know you're keenly interested in the Lisgar station.

How things are different: You mentioned one of the key factors, Mr. Delaney, which is the public ownership and public control and public accountability through the local hospital board and through the local hospital corporation. They will own the deed to the hospital. They will be accountable to local residents, as they always have been. We think that's a key cornerstone. But there are other significant differences between the previous attempts and some of the so-called P3 projects that we've seen and AFP. One is in fact transparency. You will find the request for proposal, the tenders, on the Infrastructure Ontario website, and that's www.infrastructureontario.ca. So I hope that you or members of this committee or

members of the public will go and look at those offerings, those tenders, those proposal calls. In addition, though, we post the contracts. Our first such contract, for the Montfort Hospital, I would quite proudly say, is posted on the Infrastructure Ontario website and invites public comment.

We've produced something that we call a value-formoney statement or a value-for-money report. It details quite significantly the costing of going with traditional means, if we went with this one, to be able to evaluate whether or not the residents of Mississauga, the residents of Ontario, received true value for money. In fact, value for money is one of our cornerstone principles, demonstrated sometimes in some of the so-called P3 arrangements, but oftentimes not.

I think the Premier often has an interesting way of phrasing things. He says he very much believes in the credo that you hear south of the border: "Show me." We're determined to show the people of Mississauga and the people of Ontario the kind of deals, the value for money they've achieved.

I've talked about the accountability and the transparency, but there are others as well. It's the public interest, not a private, corporate interest, or even a sector interest. It's the interest of the people of Mississauga, the people of Ontario, in having access to lowering wait times and having access to modern medical services in state-of-theart facilities that is driving this investment and this unprecedented infusion of dollars in building and health capital forward.

The last, of course, is the process itself. It must be fair, it must be open and transparent, and it must be efficient so that we can move quickly. I was told—and I do stand to be corrected—that from the first tender being issued to commercial close, we were six months. Our first deals, of course, were quite prescriptive in nature. More complex deals I think will take a longer period of time, but we want to be very quick in the process element so that we can get shovels in the ground and get the infusion of dollars as quickly as possible, because communities have been desperate for these kinds of investments.

Those are our five key principles and significant ways that AFP does differ from NDP and Conservative P3 arrangements.

1620

Mr. Delaney: Chair, how am I doing on time?

The Chair: You have two minutes left, Mr. Delaney.

Mr. Delaney: I have two minutes left. Okay.

In a very brief two minutes, with regard to another thing that concerns me personally on infrastructure, which is the expansion of that Milton corridor, is there anything you can tell me with regard to our success in getting Canadian Pacific Railway to get as interested as the government of Ontario is in the expansion of that Milton corridor?

Hon. Mr. Caplan: There's nothing, regrettably, that I can share with you. That question is much more appropriately before the GO board and the Minister of Transportation, but I can tell you that in our growth plan we

see significant growth and access to the GO spine. We'd like to see, for example, out to Peterborough, up to Barrie, out to Guelph—and of course that runs through Milton—and Cambridge and Waterloo region and down to—my good friend from Niagara will want to know—the Niagara region as well.

What we'd like to try to achieve is a 3% ridership growth per year in GO. To help that along, very quickly, we've entered into an agreement with the federal government on the 10-year capital plan for GO, a \$1-billion investment in upgrades and expansion of our GO service. I would venture to say, Mr. Delaney, depending upon the type of partnership we're able to enter into with our federal colleagues, that that is a meaningful first step.

The Acting Chair (Mr. John Yakabuski): We'll now go to the official opposition for 20 minutes of question-and-answer.

**Mr. Tim Hudak (Erie–Lincoln):** I do want to convey to the minister on behalf of the official opposition best wishes for a very happy birthday.

**Hon. Mr. Caplan:** Thank you very much. I did wish you a happy birthday on All Saints' Day, November 1. Of course, I'm much older than you, but thank you.

**Mr. Hudak:** So my first question is to the deputy. Deputy, is the minister 35, or is he older?

Ms. Carol Layton: Just a wee bit older.

Hon. Mr. Caplan: I'm certainly not ashamed of my age. I can't believe I've made it this far. I'm 42 today.

**Mr. Hudak:** Happy birthday.

Hon. Mr. Caplan: Thank you very much.

Mr. Hudak: Now that the birthday celebrations are done—

**Hon. Mr. Caplan:** Oh, no. I'm hoping, with my wife and my two lovely boys, Benjamin, who's 10, and Jacob, who's six, to be able to celebrate with them this evening. So I'll convey your good wishes.

Mr. Hudak: Absolutely.

Minister, I'm going to go back to the agencies side of the ministry. I don't know if Joyce Barretto wants to join at the front.

Hon. Mr. Caplan: Joyce, actually, has been working very hard. She's got this week off, fortunately, so we'll have somebody else. Barbara Hewett or—

Ms. Layton: Barbara Hewett. Sure. It depends on the agency.

**Hon. Mr. Caplan:** It depends on which agency, but we do have people here.

Mr. Hudak: Okay. We can start with the OLGC.

Hon. Mr. Caplan: OLG is Barbara Hewett.

**Mr. Hudak:** Thanks. I'll ask Ms. Hewett about the bingo revitalization program. What sites are currently up and running for the bingo revitalization program?

Ms. Barbara Hewett: There are four sites currently operating. I've got to go off the top of my head. There's Kingston, Barrie, Sudbury and—

Mr. Hudak: Peterborough.

Ms. Hewett: -Peterborough. Thank you.

Hon. Mr. Caplan: And the fifth one is Mississauga, I believe.

Mr. Hudak: Is there a fifth one?

Hon. Mr. Caplan: I believe the fifth one—not yet?

Ms. Hewett: There isn't a fifth one open yet.

**Hon. Mr. Caplan:** Not yet. I believe we have plans for a fifth.

**Mr. Hudak:** And what have we learned from the bingo revitalization program to date?

**Ms. Hewett:** The ones that are operating at this point have shown an increase in revenues and they've sustained the business. They've demonstrated some positive returns. We find that the municipalities and the charities that are engaged, and the operators, are finding it a positive experience, so the indications are good.

Hon. Mr. Caplan: If I might, I'll very quickly add that I've never played bingo myself, but I understand that the introduction of something that we call e-bingo, or an electronic board—just for the interest of the committee members, one of the things that I've been told is that the profile of traditional bingo players has been mainly female and that in fact men have been a group that has been very attracted to the new sort of atmosphere created by these e-bingos. I think, as Barbara has indicated, they've seen some increase in revenue in the short time that they've been implemented.

**Mr. Hudak:** Do we know what the increase in revenue—you're the director, correct?

Ms. Hewett: Yes, I'm the director of gaming and alcohol policy.

Mr. Hudak: I'd ask of the director, what has the increase been in—

Ms. Hewett: It's around 15% to 20%, I think, in revenues

Mr. Hudak: Wow. The OLGC has reviewed the four sites?

Ms. Hewett: They are constantly reviewing them, yes.

**Mr. Hudak:** Do they do a formal report to government?

**Ms.** Hewett: They report to our minister and to us periodically.

**Mr. Hudak:** Have they done a formal report to the ministry?

**Ms.** Hewett: They haven't filed a formal, comprehensive written report, no.

Mr. Hudak: When do you expect that?

Ms. Hewett: We haven't put a date to that at this point in time.

**Mr. Hudak:** The lottery and gaming corporation, in their four-year plan, fiscal 2005-08, say that they will "evaluate and deliver summary conclusions to government in spring 2006." Did they fail to do so?

**Ms. Hewett:** They reported regularly to the minister and to the deputy as well.

**Mr. Hudak:** This is pretty specific, though. Did it deliver summary conclusions to government in the spring of 2006? It's on page 30 of their business plan. They've either done that or they've failed to do so.

Ms. Hewett: I think it depends what you mean by "summary conclusions." As I said, they've been report-

ing regularly. They haven't filed a formal written report that would be made public, if that's what you're asking.

**Mr. Hudak:** One would think, if they're going to deliver summary conclusions, that that would be some sort of formal report, not simply a "things are going well" or an oral report. That would be a formal report, I would think, by that kind of language.

**Ms. Hewett:** I'm sorry; I'm not quite sure how else to answer the question.

**Mr. Hudak:** Basically, you've said that they've responded to you verbally and they've given you some numbers on the increase but there has been no formal report submitted.

Ms. Hewett: They've responded in briefings and presentations and so on.

**Mr. Hudak:** So there are some written presentations.

Ms. Hewett: Yes.

Mr. Hudak: Would you be so kind as to share the results with the committee?

Ms. Hewett: I certainly will.

**Mr. Hudak:** Are you satisfied that the OLGC has fulfilled their goal here, which was to deliver summary conclusions to the government in the spring of 2006?

**Ms. Hewett:** I'm not aware that the minister or the deputy—and certainly I'm not—is dissatisfied with the reporting relationship, with the information that they've provided, with the regularity, the monitoring of the program that they're demonstrating.

Mr. Hudak: We obviously expect the Ontario Lottery and Gaming Corp., which is a significant corporation delivering significant revenues to the province, would follow through on its business plan. It's business plan says very clearly that they would deliver summary conclusions to the government in the spring of 2006 with respect to the bingo revitalization program. So it's not only the reporting relationship. I'm asking if there has been an actual report that has been delivered.

Hon. Mr. Caplan: I think the director has answered that.

**Mr. Hudak:** So there hasn't. Basically, that's the director's answer.

**Hon. Mr. Caplan:** Director Hewett has said that there is an ongoing relationship and a flow of information, but there has not been a formal report which has been delivered per your question.

**Mr. Hudak:** The director did indicate that there have been some formal presentations in a written form to the ministry, so I'm simply asking that those be produced for the committee's benefit.

**Ms. Hewett:** With a proviso that some of the presentations have some commercial sensitivity; but other than that, I would say, certainly.

Mr. Hudak: Super. If you want to blank out some commercial sensitivity, that's fine; take out the black marker. But I am curious as to how that project is going. I think the minister knows that Fort Erie has a substantial bingo industry, as does Niagara Falls, and if it's true that it has gone as well as has been indicated to you through the OLGC, I'd certainly like to see that expanded, then.

My concern is that the OLG is actually fulfilling its business plan that it produced for the ministry back in 2005.

1630

Hon. Mr. Caplan: It is the intent to evaluate the success or the shortcomings of the bingo revitalization strategy, but it is an industry, as you well know, especially in the border communities, that has experienced some significant decline over time. The hope is that the revitalization effort will result in greater traffic and support for the local communities. If that can be achieved, the hope is that we can be in a position to expand in communities across the province. There may be next phases to the pilot, depending upon the data and the analysis that the OLG provide. I'm certainly very happy to provide to this committee, as Director Hewett has undertaken, the information that we have and what has been produced and shared with us.

Mr. Hudak: Super.

Page 33, again, of the OLGC's four-year plan has the budget for projected revenues from the various businesses that it conducts. The net profit, from the 2006 forecast to the 2007 budget, is down \$250 million. Even more disturbingly, the cash flow to the province is down some \$600 million. What's surprising, given that environment—and I can appreciate that there are some concerns in the border areas—is a \$600-million reduction in cash flow to the province, and corporate services are increasing expenses from \$113 million to \$185 million. I'd say to the director, how does the OLGC justify to the ministry a \$70-million increase in corporate services, while the net profits are diving by \$600 million?

Hon. Mr. Caplan: I'm happy to—

The Acting Chair: If I could interject for one second, could I have the director give us her name once more for the purposes of Hansard. We didn't catch it the first time.

Ms. Hewett: I'm sorry; it's Barbara Hewett.

The Acting Chair: Thank you very much. Go ahead.

Ms. Hewett: So I guess the question relates to an increase in the corporate services?

**Mr. Hudak:** In the light of the significant loss in profit that has taken place.

Ms. Hewett: Right. There are fixed costs, of course, in corporate services. There's some realignment in there, as I recall. I don't have the breakdown in my hands at the moment. We can certainly provide that. But there was some realignment within the corporation. Also, they launched a business optimization project which required some short-term funding, staffing and so on to do a review of the operating costs and to do an analysis and provide the board with some long-term advice on measures for improving the efficiency in the corporation, maximizing some of the business lines and so on. So that's a significant portion of that, as I recall.

Mr. Hudak: What do you mean by "realignment"?

**Ms. Hewett:** I'm going off the top of my head, so we can certainly provide the confirmation for the committee, but there were some expense areas that were moved into

the corporate services areas from previous years. I'm sorry, I don't recall offhand what those were.

Mr. Hudak: If you don't mind—I appreciate there's a level of detail—getting back to the committee. The concern I have, Minister, as you can see, is that we're seeing a reduction of \$600 million in cash flow to the province projected into 2007 from 2006 values. We've had layoffs at Casino Niagara; we've had significant layoffs at Casino Windsor. And in the midst of that, you see some \$70 million in increases on the corporate side. The administrative side of the OLGC is fattening while they're laying off people who are working at the border sites. You would have seen this document, as director responsible for agencies. Did the ministry accept this business plan with that kind of corporate increase while profits were falling?

Ms. Hewett: Did we formally accept the report? No, we didn't.

**Mr. Hudak:** Were concerns registered with this type of decision-making?

**Ms. Hewett:** We've been working with the agency to look at the long-term plan and provide some advice to the minister on whether, in fact, the report should stand as is or whether the minister may want to request modifications. A decision on that hasn't been made.

Hon. Mr. Caplan: Mr. Hudak raises, of course—there are several impacts. In fact, I think revenues had begun to decline around 2001-02 and there has been some pressure, not surprisingly. You saw the advent of cross-border casinos in Michigan and in the Niagara area on the American side. You've seen a change in the security policies flowing across the border. That has had some impact.

More recently we've also seen, of course, a rather rapid rise in the value of the Canadian dollar, which does affect competitiveness. There are a number of different factors that are contributing. I think it's important as well—the member did reference that there were, unfortunately, some layoffs at Fallsview in the Niagara area. Of course, Mr. Hudak is well aware that that was specifically due to a project of automation, a ticket in/ticket out system and table-touch system for table games, that is being implemented.

I know that Mr. Hudak, as the former minister responsible for OLG, would be familiar with these initiatives and with the need for the business to modernize and implement—

Mr. Hudak: Mr. Chair, I'd appreciate—

The Acting Chair: Minister, I'm going to turn it back to the member of the official opposition.

Mr. Hudak: My concern, obviously, is that in the midst of this significant reduction in revenues, the administrative side is fattening up. I find it hard to believe that there's not a better answer from the minister or his staff. I mean this with respect, but my goodness, you're losing \$600 million in cash for the province and you're seeing a \$70-million increase in corporate services. It's almost a 50% increase from where they were in the previous year.

Let me make another point. Layoffs of full-time workers at the three commercial casinos: Windsor is scheduled to reduce its workforce by 522 employees between 2006 and 2007; Rama, 130 employees; Niagara, 143 employees, for a total of, if I do my math correctly here, 795 employees. So almost 800 families and individuals are going to lose their jobs, and I wonder how many layoffs are taking place at corporate services.

Hon. Mr. Caplan: First of all, as Director Hewett indicated, the business plan that came forward from OLG—because it was presented doesn't mean it was necessarily accepted. Some were and others were not, and some of the realignments that Mr. Hudak has indicated have not been accepted or acted upon. I can't predict what's going to happen well into the future, but I can tell you that some of the elements in the business plan were not accepted by the government.

Mr. Hudak: Maybe I'll ask through the director: I think my numbers are accurate with the projected reduction of the workforce at those three commercial casinos. What's happening at corporate services? Are they in-

creasing personnel or decreasing personnel?

Ms. Hewett: I'm sorry, I don't have that number in front of me.

Mr. Hudak: On page 67 they talk about the number of FTEs at corporate services. There are 47 additional jobs in corporate services and 43 additional jobs in something called gaming support, which sounds to me like another administrative position. So you have some 90 additional jobs happening in the central administration. I'm sure that's a big part of the \$70-million jump in the budget of corporate services. So how do you justify to the 800 or so families that have lost their jobs that corporate services is beefing up by 90 more individuals?

Ms. Hewett: How do I justify it? OLG has 12,000 employees, and there's realignment happening in a number of areas. The minister mentioned ticket in/ticket out, which has an impact on the casino floor. They have different initiatives at the head office, including things like security, IT and so on that account for job changes there.

Mr. Hudak: So they're asking people at the casinos to accept layoffs because they're going to ticket in/ticket out, a loss of business due to the Smoke-Free Ontario Act etc—800 or so employees losing their jobs and 90 more individuals being hired in administration. Something called realignment is taking place, which seems to be fattening up the centre at the OLGC. Minister, surely you must have rejected part of this report and said that it's actually unacceptable for 800 individuals to lose their jobs while 90 more are working in administrative functions.

Hon. Mr. Caplan: I think I've already indicated that parts of the plan presented by OLG have not been accepted by the government, particularly as they related to some of the realignment in the commercial casino operations. I think I've already indicated that in an earlier answer to Mr. Hudak.

**Mr. Hudak:** So when you said that you did not accept parts of this plan, was that done orally, or was there a written letter from the minister saying that you did not accept parts of this plan?

Hon. Mr. Caplan: I don't believe there was a written communication, but certainly orally in my conversations with officials in my ministry as well as officials at OLG

and the board.

Mr. Hudak: Who did you convey that message to,

that parts of this plan were not acceptable?

Hon. Mr. Caplan: The parts related to potential layoffs and potential realignments? I'm trying to think back to who was in attendance. I'd have to go back and review, but I do know that elements were not accepted. I'm not really certain I could provide a direct accounting for who was present during those conversations.

Mr. Hudak: Back to Ms. Hewett: Were you in the room when the minister rejected parts of the OLGC plan?

**Ms. Hewett:** I was not, but I'm aware that he did. It was communicated to me by his staff.

Mr. Hudak: I'll ask the deputy if she was in the room when the minister communicated his dissatisfaction with

the plan.

Ms. Layton: I was not in the room, but I certainly heard it directly because of the relationship that we have, where the minister and the chair and I meet with the CEO. The CEO and I met shortly afterwards, and it was related to me as well.

Mr. Hudak: Was there a letter from the deputy, then, to the CEO and chair of the OLGC that the minister was

dissatisfied with this plan?

Ms. Layton: It wasn't a letter. But could I just provide one bit of clarification on one thing that you're referencing in that document? The reference you have in there on page 67 around the FTE analysis, the 59 positions and changes? What they do say in this report—and bear in mind this is an internal document that this agency, which is a government enterprise agency, works through. This is a document where they indicate that there are no additional hires in respect of 2007. What you are seeing in that 53 is the full-year impact of vacancies that were filled in 2006, which is how they're clarified. I just want to make sure that's in the record.

**Mr. Hudak:** Sure. So sometime in 2006, these positions were filled up and reflected full year in—the point's the same: You're seeing about 800 people losing their jobs at the casinos and the OLGC is hiring all these new positions administratively.

The minister has said that he rejected parts of this plan. You conveyed that to Mr. Brown and to the chair of the OLGC. You didn't put it in writing. How did they

respond to you?

Ms. Layton: Because we have monthly updates—it's an ongoing relationship, it's an ongoing liaison that we have. There are telephone calls, there are certainly meetings that we have on a regular basis between the minister, the chair, myself and the CEO, and likewise with the staff as well. That's how we do a fair amount of our communication.

I guess the point I'd make there again is that this is a document that was done by the agency reporting to the board of directors. The board is an autonomous entity, in a sense. The chair, though, has a responsibility to report to the minister. It was in that context that this report is provided, but it's also in the—

**The Acting Chair:** Deputy Minister, I'm going to have to stop you there. Time has expired. I apologize for

not giving warnings that it was coming.

We're now going to move to Mr. Tabuns of the third party. He will have 20 minutes of questions and answers.

Mr. Peter Tabuns (Toronto-Danforth): Minister, one of your responsibilities is outlined in this results-based plan briefing book: "Continue to advance the revitalization of Toronto's waterfront to transform it into an urban treasure." Can you tell us what your ministry did to block the Portlands Energy Centre from going

forward, if anything?

Hon. Mr. Caplan: I can tell you that as a government, we believe Portlands Energy Centre is critical to meeting energy supply needs. Our ministry did not block it; in fact, we support the construction of something which will provide Torontonians with the energy supply they require now and in the future. I would just say that it would seem foolhardy to me to build a revitalized neighbourhood but not give them access to electricity in order to light the homes, to heat the businesses or to make sure that those neighbourhoods are safe. Mr. Tabuns may disagree with me, but we'll have to agree to disagree.

Mr. Tabuns: You know that the TWRC opposed the

Portlands Energy Centre?

Hon. Mr. Caplan: I understand that.

**Mr. Tabuns:** Do you have any authority over the TWRC?

Hon. Mr. Caplan: As you're well aware, there is a chair who is jointly appointed by the three shareholders, federally, provincially and municipally. Each of the shareholders has four members that they nominate to represent the individual shareholders on the board. So I don't have authority over the board—they are an autonomous board—but of course I do meet on a pretty regular basis with the four provincial members on the Toronto Waterfront Revitalization Corp.

**Mr. Tabuns:** Does your vision of the waterfront include the development of energy-from-waste plants on

the waterfront?

**Hon. Mr. Caplan:** I don't believe that was something I recall being contemplated in the waterfront revitalization plan.

**Mr. Tabuns:** So would you oppose the development of an energy-from-waste plan on the waterfront?

Hon. Mr. Caplan: It's a hypothetical question, so it's rather difficult to answer until I see a proposal. I am aware that in countries around the world, some of the most environmentally sound regimes, certainly in Sweden and Germany, have integrated waste management technology within their community design. I know that my colleague the Minister of the Environment has taken great effort to assist the city of Toronto with a

solution to the waste issues they face. Of course, that's a responsible thing for the provincial government to do.

Mr. Tabuns: So you see energy from waste as an environmentally responsible approach to dealing with the waste issue?

Hon. Mr. Caplan: We can canvass my personal views, but there's no official Ministry of Public Infrastructure Renewal position on waste management. I think your question would be far better put to the Minister of the Environment.

Mr. Tabuns: Well, you're responsible for the revitalization of Toronto's waterfront; you're responsible for continuing to advance the revitalization. Energy-fromwaste plants have been a constant issue at that waterfront. A number have been defeated over the years. If you have provincial responsibility, I would like to know if you, as the provincial authority responsible, would be opposing energy from waste in this waterfront, given your concern or your direction to see revitalization occur?

**Hon. Mr. Caplan:** Mr. Tabuns, you ask a hypothetical question. I don't believe that there is a proposal in front of the Ministry of Public Infrastructure Renewal, the city of Toronto or the Toronto Waterfront Revital-

ization Corp. for such a regime.

I can tell you the wonderful successes that we've had in revitalizing the city of Toronto waterfront. For example, construction has begun on the Don River Park and to revitalize the precinct known as the west Don lands, an 80-acre area of downtown which has been a brownfield, lying fallow for so many years. You would know it if you'd been to the Distillery District on the other side of Cherry Street. You will see what I call the most beautiful pile of rubble that I've ever seen, and that building demolition began in March 2006.

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We've seen other tremendous successes on the city of Toronto waterfront in partnership with Mayor Miller and with federal colleagues—I want to give them their due—whether that's the central harbourfront revitalization, the Mimico Park, or Port Union park. The harbour's edge project has been a tremendous success, has drawn visitors down to the waterfront, helped to revitalize life down there. The western beaches watercourse: This past summer I hope you had a chance to attend the International Dragon Boat Championships hosted down on the waterfront. It drew literally hundreds of thousands from around the world to this world-class event.

There's much more that I could talk about, but I know that you'll have some additional questions. Perhaps I'll be able to highlight some of the other wonderful accomplishments in revitalizing Toronto's waterfront in a few short years, because there's so much more yet to come.

**Mr. Tabuns:** Your answers have been very useful, I have to say, for the record.

Hon. Mr. Caplan: Thank you.

Mr. Tabuns: I intend to make my neighbourhood well aware of them.

Minister, you've expressed support in the past for changing the Toronto Waterfront Revitalization Corporation Act to allow for elected representatives to be a minority of the board. You agreed that such a board make-up would lend to a greater public accountability and would hasten successful implementation of Toronto's waterfront plans. When will you be bringing forth amendments to the act?

Hon. Mr. Caplan: I believe I already have and that they have been passed by the Legislature. The mayor of Toronto currently sits on the board of the Toronto Waterfront Revitalization Corp. I'm surprised you're not aware of that, Mr. Tabuns.

Mr. Tabuns: Which act was that?

Hon. Mr. Caplan: I believe that was passed—when was the amendment; that's the actual act—in the 2005 budget bill. That's actually another wonderful success, and it brings much-needed accountability. Now, of course, our federal partners at the time indicated absolutely no interest in having federal representatives. So it is possible for municipal or provincial members—I don't believe it's appropriate for me or for provincial members to sit, and we will not be taking a seat on the Waterfront Revitalization Corp. But I know the culture at the city of Toronto. Whether it's the TTC, the police services or other boards or agencies that they work in, it's often the accepted practice that the policy-makers, the political leaders, do sit on the board of directors. In this case, Mayor Miller has been a member of this corporation, I think, for about a year now and has provided excellent leadership. I look forward to his continued participation in working with us to revitalize the waterfront.

Mr. Tabuns: Minister, when will you put forward a name for consideration for the Ontario seat that is currently vacant on the board, and will this person be

appointed from the energy sector?

Hon. Mr. Caplan: Again, I think you're mistaken, Mr. Tabuns. The four members—and I'll be corrected if I'm wrong, and if there is a series of questions on the waterfront, I'll ask John Howe to step up-I believe, are Ross McGregor, Kevin Garland, Bill Charnetski and Vivien Dzau.

Mr. John Howe: That's correct.

Hon. Mr. Caplan: So there are no vacancies. Now, there are or there were two federal vacancies which have, I believe, recently been filled. I believe the board is at full complement presently. Again, I'm surprised you're not aware of that.

The Acting Chair: I'm just going to get your name

and title for Hansard, please, sir.

Mr. Howe: John Howe, director, municipal infrastructure branch.

The Acting Chair: Thank you very much, sir. I guess Mr. Tabuns had another question.

Mr. Tabuns: Thank you. The provincial government has an appointee on the Toronto Port Authority Board-

Hon. Mr. Caplan: I don't believe so. In fact, that's a federal agency. I don't believe that there is any provincial participation.

Mr. Tabuns: Have you heard of Michele McCarthy, chair appointed by the Ontario Ministry of Transportation

for a three-year term?

Hon. Mr. Caplan: I believe I once met Ms. McCarthy at a social function, but I don't believe that she is a provincial appointee. I've met her once; other than that, I've never met her before.

Mr. Tabuns: She has been appointed by the prov-

incial government.

Hon. Mr. Caplan: Well, she may have been appointed to another position by the provincial government, but I don't believe there are any provincial appointees on the federal port authority.

Mr. Tabuns: As far as I know, there is.

Hon. Mr. Caplan: With respect, the information that you had around a provincial vacancy, the information that you had around elected officials was incorrect. So for this one, perhaps, with respect, Mr. Tabuns, you may want to clarify whether or not that's the fact, because I don't believe that that's the case.

Mr. Tabuns: I'll pass you this page from the website for the Toronto Port Authority: "The following board member was appointed by the Ontario Ministry of Transportation, for a three-year term:

"Ms. Michele D. McCarthy, Chair."

Hon. Mr. Caplan: I'm certainly not aware or familiar-

Mr. Tabuns: Now you know.

Hon. Mr. Caplan: And-

Mr. Tabuns: Do you have a position on the expansion of the island airport?

The Acting Chair: Mr. Tabuns, did you want that

filed with the committee?

Mr. Tabuns: Sure, that would be fine. You can file it with the committee.

Hon. Mr. Caplan: In fact, the island airport is specifically excluded from the waterfront. It falls under the purview of the federal government. Of course, rather famously, the municipal government, led by the mayor, has some very strong views. The province is not a party to any of the decisions being made around the past, present or future expansion plans or otherwise of the Toronto Island Airport.

Mr. Tabuns: So even though your responsibility is for continuing to advance the revitalization of the waterfront and even though this government appoints the person who is currently the chair of the Toronto Port Authority, you don't have a position on the island

airport?

Hon. Mr. Caplan: I think I just answered that question, Mr. Chair, that the island airport, when the partnership between the federal, provincial and municipal governments to form a revitalization effort and a revitalization corporation, and the funding—that particular area was specifically excluded because it is solely under federal and municipal jurisdiction. The province has absolutely no interest in getting involved in conversations around the expansion, because there is, I believe, 3,000 acres—2,000 acres; I apologize—of Toronto waterfront that is the focus of my attention and efforts, and, as I've mentioned, a couple of the projects, which I'm so absolutely delighted that we've moved ahead with.

Mr. Tabuns: No position. Thank you.

Hon. Mr. Caplan: You're welcome.

Mr. Tabuns: On another matter, the Watertight report: The water strategy expert panel you appointed in 2004 reported in May 2005. That's about 18 months ago. We couldn't find a response to the expert panel from you or your government. Can you give us an idea of when you'll provide Ontarians with a full response to the various recommendations made by the expert panel?

Hon. Mr. Caplan: I had a chance to talk about this yesterday in a response to Ms. Mitchell. I'm quite pleased with the efforts that we've made to date. The time that I've taken, and I kind of relate this to the work that we did on the growth plan, was literally two years working with municipal leaders, environmental leaders, development, business and industry leaders and the general public in building a plan that I think is undoubtedly one of the premier strategies in North America for growth planning and development. Something as critical as our water resources, as our water investment needs, as the kinds of things that I believe do need to be addressed because they have not been the subject of the kind of provincial attention-I dare say municipal attention and federal attention as well. I'm prepared to spend the time. So last year—or, rather, earlier this year—I had an opportunity to sit down with the board of directors of the Association of Municipalities of Ontario to talk to them about next steps. I've taken great pains to meet with the Ontario Municipal Water Association and the Ontario Water Works Association. I believe we have today at Queen's Park members from the Ontario Sewer and Watermain Construction Association. I've met, and continue to meet, with these and many others who are very interested in water, in public policy, in investment strategy. So we are putting together our very best efforts to build the kind of consensus, to build the kind of plan, and I look forward to continuing to work on a water investment strategy in collaboration with these partners, people who understand the importance of finally getting the kind of investment and support in this sector that is required.

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Mr. Tabuns: So when? I asked initially, when? So when will you bring it forward? I'm sure you can talk

with a lot of people for a long time.

Hon. Mr. Caplan: I think that's certainly a fair question. As I did indicate, I spent two years on the growth plan, and I'm prepared to spend the time that it takes to work with our municipal partners, our sector partners. I'm certainly interested in those who are interested in developing it. There are many complex issues between how, why, staging—all kinds of matters. The approach that I and the Ministry of Public Infrastructure Renewal have taken is to work to build, to the greatest extent possible, the kind of consensus, the kind of collaborative approach. So I think it would be a mistake to say that we'll have something done on this particular date if we can hammer out something with our sector partners. I'm committed to doing that and, to this day and well into the foreseeable future, will remain resolute—

**Mr. Tabuns:** So you have no target date for coming back with a response, is that correct?

**Hon. Mr. Caplan:** I don't have a specific date I can share with you, because it is a work in progress.

Mr. Tabuns: Okay, so there is no date.

The water strategy expert panel advocated an investment of more than \$30 billion over the next 15 years to overhaul aging sewer and water systems and to expand them to handle population growth. Could you tell me the total amount of funding your government has spent to date—not in the future, but to date—overhauling aging sewer and water systems and expanding the existing systems?

Hon. Mr. Caplan: Off the top of my head, I can't provide that, but we can follow up and provide it. We do provide significant dollars through a number of different supports, whether that's strategic infrastructure funding that we made available. The Canada-Ontario municipal rural infrastructure fund, a very successful program that we have brought forward, has brought significant investment in Ontario's water and waste water systems. I would be—

Interjection.

**Hon. Mr. Caplan:** Okay, let's see. We did inherit some programs under the previous government, particularly the Ontario small town and rural fund. Over the period of time that it's funding: 213 municipalities, \$309 million.

Millennium Partnerships: Again, another partnership fund with the federal government, which includes planned provincial water and waste water investments between 2006-07 and 2009-10; over this period of time, a \$28-million investment in London, Waterloo region, Niagara region, Hamilton, Windsor and Sudbury. We don't have all of the data before that period of time, but I can work on getting it to you.

We provided \$35 million to Hamilton in 2005-06 through the strategic infrastructure fund, and \$25 million to Kingston in 2005-06 for water and waste water

projects.

COMRIF intake 1: \$81.4 million for water and waste water projects and an additional \$77.5 million through

intake 2; 47 municipalities received funding.

The other source of funds has been through something that we set up in the 2004 budget in the province of Ontario, something called the Ontario Strategic Infrastructure Financing Authority. OSIFA has committed \$1.3 billion—

The Acting Chair: One minute left. Hon. Mr. Caplan: Thank you, Mr. Chair.

OSIFA has provided \$1.3 billion in affordable long-term financing for water and waste water projects to 135 municipalities. I would add that that is a rather breathtaking investment.

The expert water panel indicated that \$9 million for what they called deferred maintenance and \$25 million over the course of a 10-year period of time, perhaps a 15-year period of time, would be required. Officials working in my ministry estimate a similar kind of investment, somewhere between \$40 billion and \$50 billion over a

20- or 25-year period of time. Clearly, that is why we're taking the kinds of efforts to receive advice from the expert water panel, and also connecting with our local and municipal officials and other sector partners.

**The Acting Chair:** Thank you very much, Minister. We're now going to move to the government side.

Mr. John Wilkinson (Perth-Middlesex): The government doesn't have any questions at this time. We don't yield our time, but we'll stand it down for the moment in the interest of time.

**Hon. Mr. Caplan:** That is a very generous—**Mr. Hudak:** Particularly on a birthday.

Mr. Wilkinson: It is someone's birthday, yes.

The Acting Chair: This likely would be— Hon. Mr. Caplan: I'll stand down my rebuttal at the

end, my closing remarks, if that will help.

The Acting Chair: We'll now move to the official opposition. Mr. Hudak, you have 20 minutes.

**Mr. Hudak:** Thank you, Chair. And maybe it's possible for Ms. Hewett to return. I do want to continue asking some specific questions about the Ontario Lottery and Gaming Corp.

First, to the deputy: You had conveyed the minister's rejection of the business plan, or parts of the business plan, to the CEO and the chair of the OLGC. So can we

expect a revised plan?

Ms. Layton: I think we won't see a completely rewritten plan. We certainly have asked that there be some changes made to it, so there will be some amendments to the document, most likely as the year progresses, as we work with the agency.

**Mr. Hudak:** When did the meeting take place where you conveyed the minister's concerns about the business

plan?

Ms. Layton: Probably a couple of months ago; I'm trying to recall when it was. I would have to double-check, though, to get it. We meet every month with them, so it would have been at one of those sessions that it would have been relayed to the chair.

Mr. Hudak: But this would have been a rather fateful meeting, I would think, right? We're looking at 800 layoffs or so at the casinos alone, and we're seeing a fattening up of the administration at the OLGC. Certainly, this would be a meeting of some significance. So when do we expect the OLGC, then, to submit their revised plan?

Ms. Layton: If this is November, probably in the next few months, towards the end of the fiscal year, perhaps

March.

**Mr. Hudak:** Specifically, what should we look forward to, then, in terms of changes from the plan that I have in front of me?

Ms. Layton: I wouldn't have that detail right now. Some of the folks have done some analysis of it, so I wouldn't be able to give you exactly where you can expect changes. But certainly concern about the impact on communities around some of the technology changes has been expressed to the agency.

Mr. Hudak: Specifically, what parts of the business plan did you convey to the OLGC that the minister rejected?

**Ms.** Layton: Again, it was in a meeting and I don't think it was itemized. Could you speak to that, Barbara?

**Ms. Hewett:** As I recall, the primary concern was around the proposals for staff reductions in the casinos and so on, and it was that specific issue that most of the discussions related to.

**Mr. Hudak:** Was there concern expressed about the growth of jobs on the administrative side?

**Ms. Hewett:** I don't recall that. I do recall that the minister was concerned about the proposal for layoffs. I know from what his staff reported to me that he spoke with the agency about that, as did the deputy in her follow-up sessions.

**Mr. Hudak:** What layoffs do we anticipate, according to the existing plan, on the racetrack and charity casino side of the business?

**Hon. Mr. Caplan:** I don't think I'm in a position to convey that to you, Mr. Hudak, until the agency provides back to us their revisions to the business plan, which they originally brought forward but was not accepted.

**Mr. Hudak:** Surely you would recollect, Minister, since you obviously have expressed concern, according to staff, about the layoffs taking place, and we expect the OLGC to respond as a result, whether there were planned layoffs in the existing business plan on the racetrack and charity casino side as well.

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Hon. Mr. Caplan: I can tell you that when there were some labour adjustments, some layoffs contemplated, I expressed concern over that, and asked that that be revisited and shared with me at some future time. That has not been done to date, so I regret that I can't inform you what that is at this moment in time.

**Mr. Hudak:** So you do recall that there were to be layoffs in the racetrack and charity casino sector?

**Hon. Mr. Caplan:** I can tell you that there were proposals for labour adjustments, and I provided instruction that that be revisited.

Mr. Hudak: I'll be specific. Page 51 of the report details that actually some 124 net positions will be eliminated at the racetrack and charity casinos, and there will be new hires at Ajax in gaming support, which I mentioned. So aside from Ajax, there's actually a net layoff of 364 jobs at racetracks and charity casinos. If you total that up with the commercial casinos, that's 1,159 people who will lose their jobs.

Hon. Mr. Caplan: I don't believe that the figure you're quoting on the casino side is an accurate figure, given the fact that instruction was provided to the agency, either through officials, my staff or in direct conversation, that there was not an acceptance of that. Nor were these particular labour adjustments accepted either. So it would not be accurate to say that this is something which is coming imminently to the various venues around the province of Ontario.

**Mr. Hudak:** That's reassuring. And to be clear, I'm quoting from the Ontario Lottery and Gaming Corp.'s four-year plan.

Hon. Mr. Caplan: I understand. I hope you'll appreciate, Mr. Hudak, that in response to the standing committee on government agencies, because our government and the agency are very committed to full transparency, to wanting to allow that kind of oversight, we provided the committee members with the business plan. I believe that's the first time that has ever happened. We certainly do want you and all members to be made aware that simply because it appears in a plan, it does not mean that it is accepted by the shareholder.

**Mr. Hudak:** Let me make this point. This was for fiscal 2005 to 2008, so it was likely produced some time in 2005—maybe before 2005. About two months ago, according to the deputy, there was a response given to this report that said that parts of this business plan were unacceptable—a couple years after it was produced, but

we're pleased to see that you're reacting.

Hon. Mr. Caplan: Understand that responsibility for OLG—

Mr. Hudak: Minister, let me ask you a specific question. If—

The Acting Chair: Minister, let's let the-

**Mr. Hudak:** Minister, I have a very specific question: If 1,159 layoffs were unacceptable, what did you say was the acceptable level?

Hon. Mr. Caplan: I did not provide direction for an acceptable level but asked for that to be revisited and for OLG to come back and have a conversation with me as the shareholder, the representative of the people of Ontario, about what they felt was reasonable. For example, on the advent and implementation of the technology file, I think they do make a reasonable case, although I want to say that it is regrettable, and provide not only good wishes but whatever support we can to those families that were affected in the particular case in the Niagara area, to the 104 people who were dislocated through the advent and implementation of technological solutions. So if they can be justified or if there is a case to do so, those can go ahead, but it is with some regret. Others I certainly want to get advice about and minimize any potential impacts on Ontarians and Ontario families to the greatest extent possible.

**Mr. Hudak:** Another aspect of the OLGC's business plan, on page 38, talks about the impacts of the Smoke-Free Ontario Act causing a reduction in business. Will the reduction caused by the Smoke-Free Ontario Act be

temporary or permanent?

Hon. Mr. Caplan: I must say, while it's still early days—I believe the Smoke-Free Ontario Act came into effect on May 31 of this year, so we're not even six months in—we'll have to be evaluating it. I know that OLG plus the operators are monitoring quite carefully what the experience has been. In fact, if you look at some of the experience down in the United States, particularly in the restaurant sector, they saw an increase in the amount of traffic and in the revenues of establishments that went this direction first. Whether that's the case here or whether it's something else, we'll be in a much better position to evaluate and to provide the kind of mitigation

that we are working to get ahead of. For example, we understand-

Mr. Hudak: That's fine. It's a simple question about whether it's temporary or permanent. The reason I'm asking, and I'll direct this back to the director, is that the OLGC makes a number of assumptions. They say that in Windsor the impact of the Smoke-Free Ontario Act will be temporary. When it comes to Niagara, it's considered permanent for American patronage, and it would be four years for Canadian patronage; Rama recovers in two years. What's different about a customer who goes to Rama or to Windsor or to Niagara that they would have this type of different behaviour when it comes to the Smoke-Free Ontario Act?

Ms. Hewett: The difference is in the gaming markets in which those three facilities exist and the choices that smoking customers have to make. A significant portion of the customer base for Windsor, for example, comes from across the border. Michigan has three large casinos that are all smoking facilities. Similarly, in Niagara, there are choices across the border which are smoking facilities. So they've projected that based on looking at the market. Rama is quite a different situation, obviously, with its large Ontario customer base.

**Mr. Hudak:** The Detroit casinos allow for smoking?

Ms. Hewett: Yes, I'm quite sure they still do.

**Mr. Hudak:** And the western New York casinos allow for smoking?

Ms. Hewett: Yes.

**Mr. Hudak:** So why is the impact considered permanent in Niagara and temporary in Windsor?

**Ms. Hewett:** It relates to where the customer draw is. The Windsor casino draws a significant portion of its customer base from Michigan, and the Niagara casino doesn't depend quite so heavily on American customers.

**Mr. Hudak:** Let me be clear. The document for the OLGC is very specific. It says that American patronage at Niagara is considered to be a permanent loss, whereas Windsor, which you said depends largely on American patronage, is considered to be temporary. So I don't understand why they have different assumptions when they both depend on American patronage.

**Ms. Hewett:** I think part of that has to do with the reinvestment that's going on in Windsor right now, which is expected to reposition that casino and make it a

very competitive facility.

Hon. Mr. Caplan: That would be the \$400-million entertainment and convention complex. I know you and your colleagues have been quite critical of that, but we do believe that is an appropriate investment that will help stimulate and support the economy of Windsor. I think that's an important area economically for our province. I know the investment enjoys a great deal of support in the local community.

**Mr. Hudak:** But do you believe that investment, then, eliminates the impact of the Smoke-Free Ontario Act; that the American customers will all come back?

**Hon. Mr. Caplan:** I believe that—and, for example, a sports lounge recently implemented in Niagara Falls. So

there are other kinds of investments. We certainly see the impacts on security concerns. We note that there may be pressures related to a smoke-free Ontario, although I think we are still in early days, on the valuation of the dollar, the competition from border operations on the other side of the border, and we are taking mitigation strategies ahead of some of these possible impacts. I think it's hard to predict the cumulative effect of all of the different elements in all of the different markets. because they are somewhat specialized and unique. I will leave it up to people a little bit more expert than I in some of the market analysis to explain their underlying assumptions and why they believe certain markets will react in particular ways. However, I will say that it is important that the province of Ontario develop a gaming and a mitigation strategy for these competing forces, some of which are beyond our control. 1720

**Mr. Hudak:** Well, we will watch this closely, obviously, because you mentioned some enhancements to Niagara to attract patronage, yet the assumption is that it's a permanent loss at Niagara.

Hon. Mr. Caplan: Well, in fact, we have—

Mr. Hudak: If I could finish, Minister.

Hon. Mr. Caplan: Sorry.

Mr. Hudak: The assumption is that once the expansion opens up in Windsor, magically all the Americans will return. We'll see if that's true. We do hope the American patronage returns. I just want to register a concern—and hope you will watch it closely—that the assumptions have been cooked to try to justify the Windsor project. We'll watch it closely and see if in fact the expansion will attract all of the customers that the OLGC predicts.

I want to move now, Chair—and thank you, Ms. Hewett, very much for your time—to the LCBO as the next agency. Minister, is there somebody here who has responsibility for that?

Hon. Mr. Caplan: Barbara Hewett, step right up, please.

**Mr. Hudak:** Ms. Hewett, perhaps you could describe the bidding process that occurred that gave the Beer Store the privilege of accepting all the return bottles from the LCBO.

Ms. Hewett: You mean a competitive tender?

Mr. Hudak: Right.

**Ms.** Hewett: This was a non-competitive tender. A decision was taken to get this program operating as quickly as possible, and so the Beer Store was selected.

Hon. Mr. Caplan: You are familiar, of course, that procurement guidelines do allow for sole-source contracts in cases where there is justification. In this case, we have a very mature deposit-return system. I believe it operates, reportedly, with 96% efficiency. I know this question has been raised in the House, and my reply now is the same as then, that there's a need to show leadership on this file. We believe that this is a significant win for the environment and a significant win for Ontarians. It does, I believe, enjoy tremendous public support, and we wanted to get this up and running as quickly as possible.

**Mr. Hudak:** I guess the point I'm getting at is that when this has happened in previous jurisdictions, there's been a bidding process, and Ontario chose not to. Was it the advice of the ministry to the minister to circumvent the normal bidding process in this case?

**Ms. Hewett:** As the minister outlined, there's nothing abnormal about the process that was used. The procurement guidelines do allow for a non-competitive tender, which is the process that was followed in this case.

**Mr. Hudak:** But specifically, was it the ministry's advice to the minister to circumvent the bidding process?

Ms. Hewett: You mean the Ministry of Public Infrastructure Renewal?

Mr. Hudak: Right.

**Ms. Hewett:** There was a fair bit of analysis that went into supporting a cabinet decision that was taken.

**Mr. Hudak:** Was it the ministry's advice that the bidding process should not be followed?

Hon. Mr. Caplan: I believe that the submission was from the Ministry of the Environment and the Ministry of Finance to pursue the policy direction and the implementation. Of course, the Ministry of Public Infrastructure Renewal, with the LCBO falling under our ministry, is responsible for the implementation. So the decision to do so was supported or brought forward by other ministries and the decision was taken.

**Mr. Hudak:** Okay. When did contract negotiations begin with the Beer Store to implement this program?

Hon. Mr. Caplan: Early September.

Mr. Hudak: Do you know when?

**Hon. Mr. Caplan:** The exact date? I don't know the exact date.

**Ms. Hewett:** I think it was around the 20th, but we began a series of exploratory meetings with the Beer Store and then moved into a more formal negotiation stage.

**Mr. Hudak:** When did the exploratory meetings take place?

Ms. Hewett: I'm sorry. I don't have those exact dates.

**Mr. Hudak:** Around that time, September 20?

Ms. Hewett: The third week of September.

**Hon. Mr. Caplan:** As well, a series of meetings was undertaken with several stakeholders within the sector to gain insight and advice on how the government should approach Brewers Retail International and the kind of things that we should be mindful of as we worked toward a contract being delivered.

**Mr. Hudak:** So the date of the cabinet meeting when environment and finance brought the proposal to circumvent the normal bidding process took place—

Hon. Mr. Caplan: I don't have that date; I'm sorry. But it would be contained within the cabinet meeting—

**Mr. Hudak:** Cabinet made a decision with respect to circumventing the bidding process to award the Beer Store this contract.

Interjection.

Hon. Mr. Caplan: Go ahead.

Ms. Layton: It was in the first week of September that the actual cabinet decision was taken. The MOU was

signed on September 8, which I believe was a Friday. It was announced on September 10.

**Mr. Hudak:** So the exploratory discussions with the Beer Store took place after the decision was made by cabinet, the sole-source.

Ms. Hewett: The exploratory discussions I was referring to—once we had been given direction by cabinet to move into this, my involvement began, and we began exploratory discussions to begin to scope out what a contract would look like.

Mr. Hudak: Okay. So has the contract been signed yet?

**Hon. Mr. Caplan:** We're actually in the final stages of putting that together, and hope to be in a position in the very near future to be able to share that with members of this committee and the people of Ontario.

**Mr. Hudak:** Will there be a handling charge for the Beer Store for handling this?

**Hon. Mr. Caplan:** That will be contained in the contract. I'm happy to report on it once everything is finalized.

**Mr. Hudak:** So what's in it for them, then, if there's no handling fee?

Hon. Mr. Caplan: I said that will be contained in the contract and we'll be happy to share the details once everything is finalized. I just don't have anything to share with you at this point.

Mr. Hudak: Don't they kind of have you over a barrel? Basically, the Premier went out there and said, "We're going to do this." Then he said, "Minister, you go and negotiate this with the Beer Store." So you've been locked into this by the Premier, and then you say, "Okay, let's start negotiating." To use a bit of a pun, don't the beer guys have you over a barrel?

Hon. Mr. Caplan: I think that in fact the Premier showed the right leadership in taking Ontario perhaps where we should have been a decade or longer ago. Many other provinces—I believe Ontario and Manitoba, although Quebec has a bit of a funny system, are the only two without a formal deposit-return system. It's something that has been called for by environmental advocates. I note the recent Environmental Commissioner report and the line of questioning during the government agencies committee in this regard. But many others—the Association of Municipalities of Ontario have long been calling for this.

**Mr. Hudak:** It did put you in a bit of a tight position, I would say to the minister.

Hon. Mr. Caplan: Well, you asked the question, and I do want to provide an answer.

Mr. Hudak: I'm happy with your answer.

Hon. Mr. Caplan: Well, hold on. We have—

The Acting Chair: Minister, I'll ask you to allow the member of the opposition to ask his questions.

**Hon. Mr. Caplan:** Okay. In short, I disagree with the characterization of the member in that regard.

Mr. Hudak: In the Legislature, when questioned by Mr. Tory on October 3, 2006, I think the date is, Premier McGuinty said there's going to be a stamping program,

that all of the bottles that will be part of this recycling initiative will be stamped. When does the stamping initiative get under way?

Hon. Mr. Caplan: I don't know what format or how that's going to be handled. A lot of that is part of the detail informing the implementation phase. As we haven't reached finalization of that, I'm just not in a position at this moment to be able to share all those details with you, although you do have my undertaking that once we come to finalization, it is fully our intent to share the contract and to share the arrangements we've reached—aside from, of course, commercially sensitive information—with you, members of the assembly, and the people of Ontario.

Mr. Hudak: Craft brewers, as you know, Minister, are very concerned that the Beer Store is going to require space to store the different types of bottles. I have a great concern that the craft brewers have been squeezed out of the Beer Store. It's getting increasingly difficult to find craft products on their shelves. So what are you going to do? You've given the Beer Store this sole-source contract. Management in Colorado and the Netherlands and Japan are going to be very happy about the money going to their corporate coffers. What are you doing to protect the little guy, the small brewers, to make sure they don't get squeezed off the shelves of the Beer Store? Surely there must be some public policy in return for giving the Beer Store this fat contract.

The Acting Chair: Minister, if you could make this answer fairly quick. You have less than half a minute.

Hon. Mr. Caplan: Oh, my, Mr. Chair. This is a very difficult one to answer very quickly, because in fact there are 30 Ontario craft brewers. I've met with Mr. Hay and members, and have very high regard for them. In fact, the LCBO is helping a significant marketing campaign—

The Acting Chair: In fact, Minister, you're out of

Hon. Mr. Caplan: Perhaps I'll have additional time— The Acting Chair: You will have some time at the end of the next section.

**Hon. Mr. Caplan:** Perhaps I will, because I think it's a very good question.

The Acting Chair: Now we're going to turn this over to Mr. Tabuns of the third party. I just wanted to inform you that I gave the opposition 23 minutes, not 20. We're going to do the same for the third party, and then the government party will be able to sum up without interruption. Mr. Tabuns, you have 23 minutes.

Mr. Tabuns: Okay. Where we left off was the question about funding to date for overhauling aging sewer and water systems and expanding existing systems. So can you provide to this committee the funding the government has provided over the past three years for sewer and water systems only under the following programs: COMRIF, the Ontario Strategic Infrastructure Financing Authority, the Ontario small town and rural infrastructure development program, and the Canada-Ontario water supply expansion program? Can you commit to giving us those numbers?

Hon. Mr. Caplan: I think I did in an earlier answer in quite significant detail. However—Mr. Chair, I believe I did provide answers in significant detail—I will, once again, provide it. On the Ontario small town and rural, including water and waste water projects since the third quarter of 2003-04 to the end of 2005-06, planned investments in 2006-07, 2007-08 and 2008-09: Over this period of time, \$309 million invested in 213 municipalities in Millennium partnerships. I believe you referred to that as the Canada-Ontario agreement.

Planned provincial water and waste water investments between 2006-07 and 2009-10: Over that period of time, a \$28-million investment is being made in London,

Waterloo region, Niagara region-

Mr. Tabuns: No, I'm not interested in the future. I asked about the last three years.

**Hon. Mr. Caplan:** Okay. As I said, as I indicated, we've been unable to obtain all of the investment data under the Millennium Partnership since 2003, so I did indicate \$20 million in CSIF in 2005-06.

The Acting Chair: Minister, I'm going to give some leeway to Mr. Tabuns.

**Mr. Tabuns:** Since you didn't have the data, I just ask that you provide it at a later point.

Hon. Mr. Caplan: The question was specifically if I could provide the data on all these programs, and I'm trying to do so. So please—

Mr. Tabuns: Over the past three years.

**The Acting Chair:** Mr. Tabuns has advised us that he's satisfied with that answer at this point and he wants to move on.

**Hon. Mr. Caplan:** Well, I've only given two of the programs.

**The Acting Chair:** Minister, I'm sorry, but I do have to give some latitude to the third party here.

**Hon. Mr. Caplan:** Okay. Well, if you don't wish me to answer, Mr. Chair, that's fine.

**Mr. Tabuns:** Minister, your water strategy expert panel called for the establishment of an Ontario water board. Are you planning to establish one, when, and do you have a plan for its structure and what its powers are going to be?

Hon. Mr. Caplan: Well, in fact, this is one of the areas of keen interest to our partners in the water sector, municipal folks for sure. I'll tell you in all candour, Mr. Tabuns, that one of the areas where municipal officials have expressed concern or reservation has been in regard to their experience with the Ontario Energy Board. They're making our ministry very mindful of the fact that the heavy-handed regulatory environment and structure that was imposed is something that they don't feel worked particularly well in that sector. Our undertaking to our municipal officials is to work together in the collaborative fashion that I described earlier to be able to deal with the recommendations that the expert panel came forward with. As you can appreciate, there is a wide variation in opinion among a number of the sector players and a number of the stakeholder interests. So this is an area where we're continuing to build and try to

achieve some of the consensus that I've talked about earlier. This is an area of ongoing work.

Mr. Tabuns: So are you planning to establish an Ontario water board?

**Hon. Mr. Caplan:** As I say, the expert panel provided recommendations to the government. It is up to the government and, most importantly—

Mr. Tabuns: Well, it is up to the government. Are

you planning to establish one?

**Hon. Mr. Caplan:** —most importantly, to our municipal partners, because these are municipal systems involved, and we think they ought to be able to have significant input and help and assistance in putting together the water sector strategy.

Mr. Tabuns: So are you planning to establish a

board?

**Hon. Mr. Caplan:** I don't think it's fair to say that any specific decisions have been taken. We are still working to build and achieve the kind of collaboration and consensus-building that public infrastructure renewal has been well-known for. This is an area of ongoing discussion with our municipal partners.

**Mr. Tabuns:** So, no decision at this point? **Hon. Mr. Caplan:** I think that's what I said.

Mr. Tabuns: The Watertight report talked about the need to have consumers pay the full cost of water and sewer services. As you're well aware, some communities are in more difficult financial straits than others. Do you think Ontarians, especially those on fixed incomes, should be paying the full cost for hooking up water or sewer services? If you don't think that's the case, what are you proposing to do about it?

Hon. Mr. Caplan: You would be aware, Mr. Tabuns, that we have the Sustainable Water and Sewage Systems Act currently on the books in the province of Ontario. You'd be well aware that that falls under the carriage of the Ministry of the Environment. The Ministry of the Environment and the minister were in Ottawa this past summer and undertook, with municipal representatives, to move forward on the technical consultations around the regulation-making and implementation of that act. I think your question is a valid one, but it is much better put before the Minister of the Environment.

Mr. Tabuns: Okay. So, not your area.

**Hon. Mr. Caplan:** Well, we have a specific act—**Mr. Tabuns:** If it's not your area, that's fine.

The Chair: Mr. Tabuns, go ahead.

**Mr. Tabuns:** I got the message: not your area. Just cleaning up some business, yesterday, on the question of electricity reduction, you presented a piece of paper and you read from it. Is that now tabled? Can we all have copies of your answer to my questions about the 10% reduction in cost etc.?

Hon. Mr. Caplan: Indeed. In fact, there's a great deal

more, Mr. Chair, that I'd like to share.

**Mr. Tabuns:** You don't have to share it. What I'd like to know is: Is the documentation available to be given to us?

Hon. Mr. Caplan: Well, I-

Mr. Tabuns: That's all I need to ask, Mr. Chair.

**The Chair:** You're looking for it to be tabled with the committee. Mr. Tabuns?

Mr. Tabuns: Yes.

The Chair: Okay.
Mr. Tabuns: That's it.

**Hon. Mr. Caplan:** I take the oversight of this committee very seriously, so I would like to provide answers

The Chair: This is a specific request of Mr. Tabuns through the Chair to have that tabled. I appreciate that, Minister.

Hon. Mr. Caplan: We certainly have answers to several questions that Mr. Tabuns or other members have raised, and, Mr. Chair, they will be tabled with the clerk in response to the questions that we're able to provide answers for.

The Chair: Okay. Thank you. Mr. Tabuns-

Hon. Mr. Caplan: Some were in other ministry areas.

Mr. Tabuns: Great. That's good. Thank you.

Hon. Mr. Caplan: You're welcome.

**Mr. Tabuns:** The growth management plan: One of the items here was the development of sub-area assessments. What's the timetable for production of those sub-area assessments, and will there actually be a framework so the decisions made within each of the assessments will be based on the same principles?

Hon. Mr. Caplan: In our early draft, we came up with sub-area assessments as a possible methodology to be able to deal with questions of gross land supply, employment lands—a whole host of other matters falling under the growth plan. We received a great deal of feedback on this, from the initial draft to the time of the final plan. Municipalities in particular but also some of the other stakeholders did impress upon us that they thought it would be far better for us not to pursue sub-area strategies but rather to do the individual work, as I mentioned, in those two areas and several others: definition of built boundaries, delineation of urban growth centres. Brad, have I missed any others?

Mr. Graham: No, that's okay.

Hon. Mr. Caplan: That's primarily it—that we could undertake that level without doing what they perceive to be regional plans or smaller regional plans. So in fact we agreed with municipalities; we agreed with the folks who indicated that to us, and we have begun the body of work through the Ontario Growth Secretariat on some of those other pieces. That was a concept which was proposed and abandoned in the final plan; but the body of work, the scientific basis, is proceeding.

Perhaps, Brad, you could give us a current update on where we are in some of that work.

1740

Mr. Graham: Yes. There were a couple of what we call technical analysis pieces that we needed to do. One was the delineation of the 25 urban growth centres that are included in the plan. We worked in close consultation with municipalities on the general size and scope of those areas but are leaving it to municipalities to actually delineate and define lines, the boundaries of the UGCs.

The other piece of work relates to a question you had yesterday on intensification and the delineation of the built boundary, and I think you cited Neptis's work—

Mr. Tabuns: Yes.

Mr. Graham: —in looking at that. One of the points they made quite effectively in their commentary on the growth plan was the fact that there isn't consistent or good data on the built boundary. We've been working, as a matter of fact, with Neptis and others—private sector consultants, developers, industry representatives, environmental interests, as well as municipalities—in coming up with what I think is going to be a leading-edge methodology and data-monitoring system. We are soon going to be releasing that, over the next couple of weeks, which for the first time will actually provide a consistent and transparent built boundary—that is, where the concrete stops—so that we can measure more effectively the 40% intensification and greenfield activity. That's something that's just been lacking; so that's fairly imminent.

The Sudbury work that you referred to earlier is pieces of work where, similarly, there isn't good information or we needed to delve down in further detail with our partners. Those include areas like the employment land analysis—the land budget, which is important. What's the future of land demand going to be in the greater Golden Horseshoe, given the 3.7 million people and 1.8 million jobs, as well as the intensification strategies that are outlined in the plan? As you'll appreciate, the application of that will vary, so we really have to work with our municipal partners so that when municipalities are moving forward with boundary expansions, for example, we'll have a good understanding of the kind of overall quantum of land that would be required if you achieved not just the numerical targets of the growth plan but also the other related policies. So that's a piece of work we'll do.

The employment land analysis is another piece that's very important, because unlike residential areas and lands where there's a good understanding and a common database of residential demand and supply, that isn't the case on the employment lands. That's a piece of work we really want to accelerate so that we have a common understanding at the municipal level, as well as ourselves, as well as with developers and others, and we have a good understanding of the stock of employment lands as well as the future demands and how that should be mapped with infrastructure, including its requirements for infrastructure, as well as its locations around 400-series highways.

Hon. Mr. Caplan: Market demand, that kind of thing. Mr. Graham: Exactly, and we just don't have that kind of information.

Similarly, we're going to be working with MTO in developing—the growth plan includes a higher-concept transit and transportation concept map, drilling down with MTO and the GTTA on specific phasing of the transportation corridors and the like that are included, as well as issues like natural systems and agricultural lands, where we have higher direction. The PPS provides good direction, but we need to provide I think a bit more

clarity and consistency to municipalities across the greater Golden Horseshoe.

All of those, the technical work I mentioned—the UGCs and the built-boundary work—is more immediate, I would say; probably over the next couple of months. The more substantive pieces of work—the employment lands and land budget—will probably take about a 12month period, because we have to really engage the best and brightest minds on that, not to achieve a consensus and agreement per se but a consensus in the methodology and approach and the understanding. Because these are, as I said, issues that we all know are important. They often get debated anecdotally, but I think to provide the kind of science we need as well as the kind of rigor we need, that's something we really have to delve down into, and in fact in some instances, as I mentioned, with the built boundary, build a new set of data that doesn't exist right now.

Mr. Tabuns: Thank you.

Minister, you know, it's been an interesting process for me. I'm still relatively new here.

Hon. Mr. Caplan: Me too.

Mr. Tabuns: This is the second round of estimates I've gone through. I started off asking you about adaptation. You are responsible for setting in motion \$30-billion worth of investment over the next five years, if I remember correctly, and \$100-billion worth over the next roughly 20 years. So in fact you are going to have major impact on the built form of this province, and if you make mistakes, they're going to be pretty expensive mistakes.

The fact that the Environmental Commissioner appears to have been correct that there is no adaptation plan—and certainly nothing that has been presented here indicates to me that you, as a political leader, are giving your staff direction to ensure that whatever is built with that \$100 billion is set up so that it can deal in a very robust way with very substantially changing circumstances over the next few decades—gives me great concern. Because you, Minister, may well be setting us up for very expensive failures of infrastructure systems in the future if you aren't planning for them. Maybe we're lucky; maybe the dice will roll the right way and we'll be fine. But if you, Minister, don't actually set direction for staff on this issue, they won't be able to give us the answers that we need.

I've dealt with people at the city of Toronto who came from the Ontario public service. I've found them extraordinarily capable and professional. They take political direction. They give political advice. But you, Minister, need to give them direction to prepare for adaptation. The Environmental Commissioner has spoken to it. You've been asked questions about it here. I would hope that you would take that whole matter quite seriously.

On the question of sprawl—

**Hon. Mr. Caplan:** The member is entitled to use his time however he wishes—

Mr. Tabuns: I am.

Hon. Mr. Caplan: —I take it. But may I say I disagree with the member.

**Mr. Tabuns:** That's fine. I'll go on. I disagree with your entire approach to all of this, but I have to say, Minister, as a person who can take up time in question period, you're extraordinarily good.

Hon. Mr. Caplan: Well, thank you.

Mr. Tabuns: It's a political skill, not one that's appreciated by a lot of people in the outer world, but I watch it. It's somewhat like, in my youth, watching people who were analyzing Pravda: Kremlinologists. They tried to deduce what was going on in Russia by looking at what wasn't said in the papers. To the extent that you don't speak to an issue or you spend time talking about things that are of no consequence, I get a sense that, well, here's an area where there isn't an answer or there will not be an answer.

In terms of sprawl, again, I think you've got people coming forward who are pretty sophisticated—the answer we just got—about the depth or shape of the problems that we're going to face in understanding how to develop the urban region. It's pretty good. But you're not giving political direction. You don't have a plan. You don't have a target for avoiding increase in travel times.

I said, I think yesterday, when I watched the failed climate change plan of the past Liberal government in Ottawa, you could tell they had no idea how they were going to get to where they said they wanted to go. In fact, when the Commissioner of the Environment and Sustainable Development reported on the Liberal climate change plan, they said that it wasn't going to go anywhere; it wasn't going to have the impact it was supposed to have. Their comments were that, at a minimum, to actually have a plan that would have impact, the following things need to be done: Those involved clearly understand and agree to their roles and responsibilities; there's an overall implementation plan which sets out concrete, results-based targets and timetables for both short and long term; there's a results-based monitoring system in place to asses progress; adjustments are made as required to achieve targets; an overall performance information is tabled in Parliament to assist in its oversight role.

Minister, you don't have targets. You don't have a sense of where you want to go. You're not telling people where you want to go. We're just going to drift forward on a business-as-usual basis, so that travel times will become longer and longer, the cost of sprawl, gridlock and congestion will become higher and higher, and this area will become less and less attractive for investment and job creation. Until you actually take your political responsibilities seriously, we know that's where we're going to wind up.

You were asked yesterday about aggregate and the protection of natural areas. Your response was that what you brought forward wasn't legislation. It was a plan; it was a policy document. It didn't protect natural areas. Then you went on to talk about the need for lots more aggregate. I would say that anyone who follows conservation in this area will know that your government's approach is one of not protecting natural areas of water flow but of making sure there's an awful lot of aggregate

out there to support the highways that you will build to support the sprawl that we will all have to deal with.

1750

I don't have more to say, Minister. I have to say that it's been instructive to go through this process. I think you're taking us in a direction that long ago, in Los Angeles and in other cities, was shown to be disastrous. I don't see you showing any indication of wanting to take us anywhere else.

The Chair: Thank you, Mr. Tabuns. Hon. Mr. Caplan: If I could have a—

The Chair: He didn't actually ask a question, but you do have some time for wrap up. Mr. Tabuns ended his time early; therefore, the remaining time can be with the government members.

**Mr. Wilkinson:** I just want to ask the minister, is there anything you'd like to add between now and 6 o'clock?

Hon. Mr. Caplan: I'm very happy to wrap up the time, if that's acceptable, although I'm rather disappointed with Mr. Tabuns's comments. I produced a plan which is supported by—I hope you're familiar with John Norquist, president of the Congress for New Urbanism; Glen Murray, chair of the National Round Table on the Environment and the Economy; Joe Berridge, partner in Urban Strategies. I will say this: Any time you do produce a plan for infrastructure where there has been none before, or a plan for growth and development when there has been none before, you're of course always subject to potential criticisms. I would say directly to you, Mr. Tabuns, that you would have at least a modicum of credibility if you produced your own plan. I find your comments lacking in credibility. I will certainly stack up the support of people like Parris Glendening, Glen Murray—I'm sure you're familiar with Mike Harcourt—for the kind of plan that we have come forward with over the comments and criticisms that you've made, although I do accept that we are in a democratic system and there will be different points of view.

Ultimately, though, it will be the people of Ontario who will decide who truly has a plan for this province. To date, I have not seen one from you or from your party. I hope you will have the courage to put the ideas you have and the claims you make into some kind of a format. When and if that day ever comes, I tell you, as sure as I'm sitting here, that I will be proud to compare the bulk of the work, the plan and the vision that this government has delivered for this province with anything that you can come up with.

Thank you, Mr. Chair, and I appreciate the oversight of this committee. As I said in my opening comments, I take the role of this committee very seriously in holding the government and me as the minister responsible for public infrastructure renewal to account for the expenditures of vast sums of public dollars. I want to thank all of the members of this committee for the diligence and

work that they put into the examination of the estimates of the Ministry of Public Infrastructure Renewal.

The Chair: Before we get to the vote, thank you, Minister, Deputy Minister and all the staff from the Ministry of Public Infrastructure Renewal for taking the time to meet with the committee. It's been four days of hearings. That's a lot of time out of the ministry's schedule, so we appreciate your responses to our questions. I thank members of the committee for their time in the review of the estimates for public infrastructure renewal. You're welcome to stick around for the very exciting votes about to transpire.

Are committee members ready to vote on the estimates?

Shall vote 4001 carry? It carries.

Shall the estimates of the Ministry of Public Infrastructure Renewal carry?

Interjection.

The Chair: It's a recorded vote.

#### Ayes

Delaney, Hoy, McNeely, Wilkinson, Zimmer.

#### Nays

Tabuns.

The Chair: That carries.

Shall I report the estimates of the Ministry of Public Infrastructure Renewal to the House? It is carried. So I will report the estimates of the Ministry of Public Infrastructure Renewal to the House.

Members of the committee, that does conclude the estimates for the year 2006-07. The clerk and I will be in touch with members for the next session of estimates. I do want to thank the clerk and his team as well for their hard work in carrying us through. How many hours did we do?

Interjection.

**The Chair:** A lot of hours. So we thank the support team here as well as the clerk's office. Folks, have a good evening.

**Mr. Delaney:** On a point of order, Mr. Chair: I understand from discussions with the whip that it is not often that the estimates committee completes all of the ministries to which it is assigned. We commend you on actually completing this job from start to finish.

The Chair: Well, that's kind, although, in fairness, my colleague Mr. Jackson is the one who began the process and I just—

Mr. Wilkinson: He started it.

**The Chair:** He started it and I just came in to finish it off. But that's very kind of Mr. Delaney.

My friends, the committee is now adjourned.

The committee adjourned at 1756.



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Selection of estimates

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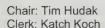
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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Tuesday 17 April 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 17 avril 2007

The committee met at 1621 in room 151.

#### APPOINTMENT OF SUBCOMMITTEE

The Chair (Mr. Tim Hudak): Good afternoon, committee members. The standing committee on estimates is now in session for the beginning of the 2007 season. We have had some changes since last we met and we need to make a change to the subcommittee. Mrs. Jeffrey?

Mrs. Linda Jeffrey (Brampton Centre): I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee;

That the presence of all members of the subcommittee is necessary to constitute a meeting;

That the subcommittee be composed of the following members: Mr. Hudak as Chair; Mr. Dunlop, Ms. Horwath and Mr. Delaney; and

That substitution be permitted on subcommittee.

The Chair: A motion on the floor with respect to the construction of the subcommittee. Any debate or comment on the motion?

Mr. Garfield Dunlop (Simcoe North): Did I agree to be on the subcommittee?

The Chair: Mr. Dunlop, your name has been forwarded to be a member of the subcommittee. You could debate against that if you so choose.

Mr. Dunlop: I'd have to debate with Mr. Wilson, I think.

The Chair: Mr. Wilson?

Mr. Jim Wilson (Simcoe-Grey): I agree with the motion on the floor.

The Chair: Any other comments?

Mr. David Zimmer (Willowdale): I'll nominate Mr. Wilson

**The Chair:** Mr. Wilson, are you willing to serve?

Mr. Wilson: No.

**The Chair:** Mr. Dunlop, Mr. Wilson has turned down the kind offer of Mr. Zimmer.

Any serious debate on the motion before the committee? Seeing none, all of those in favour? Opposed, if any? It is carried.

Thank you, Mrs. Jeffrey. Subcommittee members—Mr. Delaney, Ms. Horwath, Mr. Dunlop—congratulations. I look forward to working with you on the subcommittee.

#### SELECTION OF ESTIMATES

The Chair: Now we'll turn our attention to the beginning of the estimates process. I have a formal statement to read for the record.

As you know, the Lieutenant Governor has transmitted the estimates of certain sums required for the services of the province for the year ending March 31, 2008, to the Legislative Assembly and pursuant to standing order 58, these printed estimates, upon tabling, are deemed to be referred to the standing committee on estimates. All members of the House should have received the document containing the estimates when they were tabled.

The objectives of today's meeting are for the members to select specific estimates for the committee's review and to decide when to begin the public hearings.

Standing order 59 sets out the process by which the selection of estimates is made by this committee. Essentially, each of the recognized parties on the committee is entitled to select either one or two ministries/offices in each of the two rounds of selection.

The selection will begin with the official opposition, followed by the third party, then by the governing party. After two rounds of selection by the recognized parties, the committee will have selected anywhere from a minimum of six to a maximum of 12 ministries or offices for review.

Each party also determines how much time is to be allotted to the consideration of each ministry or office selected. A maximum of 15 hours is permitted per selection. If only one selection is made on the first round, that single selection could be reviewed for a maximum of 15 hours. If two selections are made in a round, both of them are reviewed for a combined maximum of 15 hours. How the division of those 15 hours takes place is up to the party making the selection.

It works the same way in each of the two rounds, so that a maximum of 90 hours may be allocated to the review of all the selected ministries or offices. These selections are to be reviewed in the order that they were chosen, and this can only be changed by an order in the House.

The estimates of those ministries or offices not selected are deemed to have been adopted by the committee. As Chair, I will report those estimates back to the House and they are deemed to be adopted and concurred in by the House.

In accordance with standing order 62(a), the committee must make a report to the House on the estimates it selected and considered by the third Thursday of November this year. If the committee fails to report by the third Thursday in November, the estimates and supplementary estimates are deemed to be passed by the committee and deemed to be reported to and received by the House.

Do the members of the committee have any questions before we begin the selection process? All right. Seeing none, we'll begin with the official opposition for their first selection or selections of ministries or offices.

**Mr. Dunlop:** On our first round our choice would be the Premier's office for a total of eight hours, and the public infrastructure renewal ministry for a total of seven hours. That would total 15 hours together.

The Chair: To confirm for the record correctly, we do the Premier's office first, for eight hours in total, followed by the Ministry of Public Infrastructure Renewal for seven hours.

Mr. Dunlop: Thank you. That would be it.

The Chair: Great.

Ms. Horwath, selection of the third party.

Ms. Andrea Horwath (Hamilton East): The New Democratic Party caucus has decided to call the Ministry of Citizenship and Immigration for 7.5 and the Ministry of Natural Resources for 7.5.

The Chair: The third party has selected the Ministry of Citizenship and Immigration to begin, for seven and a half hours, followed by the Ministry of Natural Resources for seven and a half hours.

Ms. Horwath: That's right.

The Chair: The government members. Mr. Delaney.

Mr. Bob Delaney (Mississauga West): Thank you very much, Mr. Chair. The government, for its first draft choice, I mean selection, calls the Ministry of Training, Colleges and Universities for seven and a half hours and the Ministry of Children and Youth Services for seven and a half hours.

The Chair: The government members are going to proceed with, as their first choice, the Ministry of Training, Colleges and Universities for seven and a half hours, followed by the Ministry of Children and Youth Services for seven and a half hours. Correct?

Mr. Delaney: Correct.

The Chair: Excellent.

Now we move onto the second round of the draft, as Mr. Delaney had coined it.

Mr. Dunlop.

**Mr. Dunlop:** The official opposition would choose the office of the Attorney General for eight hours and, secondly, the Ministry of Agriculture, Food and Rural Affairs for seven hours.

The Chair: Mr. Dunlop has selected, beginning in the second round, the Attorney General for eight hours, followed by the Ministry of Agriculture, Food and Rural Affairs for seven hours.

To the third party, Ms. Horwath.

**Ms. Horwath:** The New Democratic Party caucus has chosen for our second round of picks the Ministry of Energy and the Ministry of the Environment.

The Chair: And how you would like to divide up— Ms. Horwath: For seven and a half each, please, Mr.

The Chair: To make sure I have it accurately, the third party, in their second round of choices, has selected the Ministry of Energy for seven and a half hours, followed by the Ministry of the Environment for seven and a half hours.

To the government.

**Mr. Delaney:** For our second round, the government side chooses the Ministry of Culture for seven and a half hours and the Ministry of Health Promotion for seven and a half hours.

The Chair: To make sure I have that correct, the government in its second round of choices has selected first the Ministry of Culture for seven and a half hours, followed by the Ministry of Health Promotion for seven and a half hours.

Mr. Delaney: Correct. The Chair: Excellent.

Well folks, that concludes our selection of ministries. The annual draft is now complete. The clerk and I have taken our notes. We will notify the ministries accordingly.

We will begin our estimates, I guess, a week from today, which would be April 24, at 4 p.m. with the Premier's office. This fits with our schedule accurately? We'll begin at 4 p.m. or after routine proceedings, whichever is first.

Is there any other business for the committee?

Ms. Horwath: Just a question, Mr. Chairman. I want to thank you for providing us with copies of all the documents. This is my first full time through to get to a full set of estimates and come back to choose our other estimates for our next year, and we're just receiving the responses from the previous estimates from last year. I'm wondering, is there anything that requires responses to come in a more timely fashion to outstanding questions from estimates committee, or is it an acceptable practice around here to have these things languish for an entire year before the responses come to committee members?

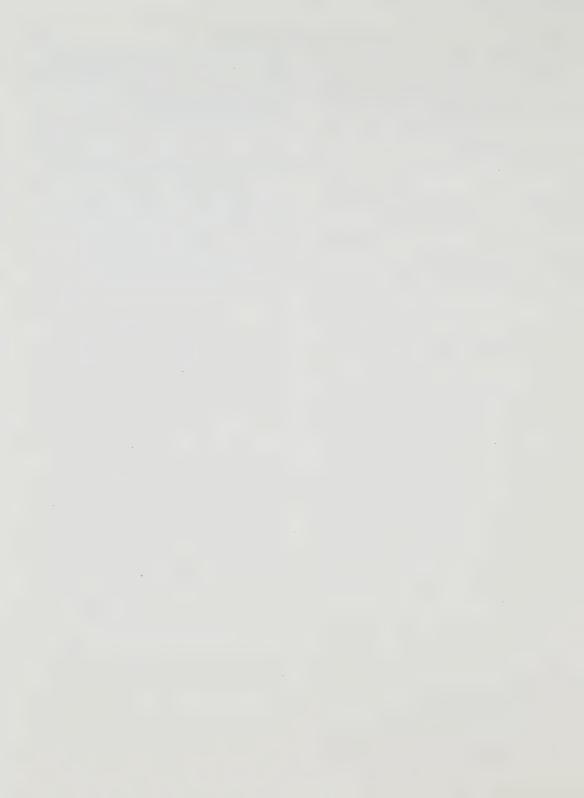
The Chair: The reality is, unfortunately, that some ministries are better than others. Some get the answers back promptly; others do not. I sent a letter out to the ministries that had not yet responded to last year's estimates two or three weeks ago, which then caused a number of other ministries to respond. So that's some of the paperwork that you have before you today. I could report back on Tuesday the outstanding questions that remain. What I can do in my role as Chair, with the assistance of the clerk and his office, is to continue to put pressure on the ministries themselves to respond to members' questions in a timely fashion. As I said, some do it well and some, unfortunately, take too long.

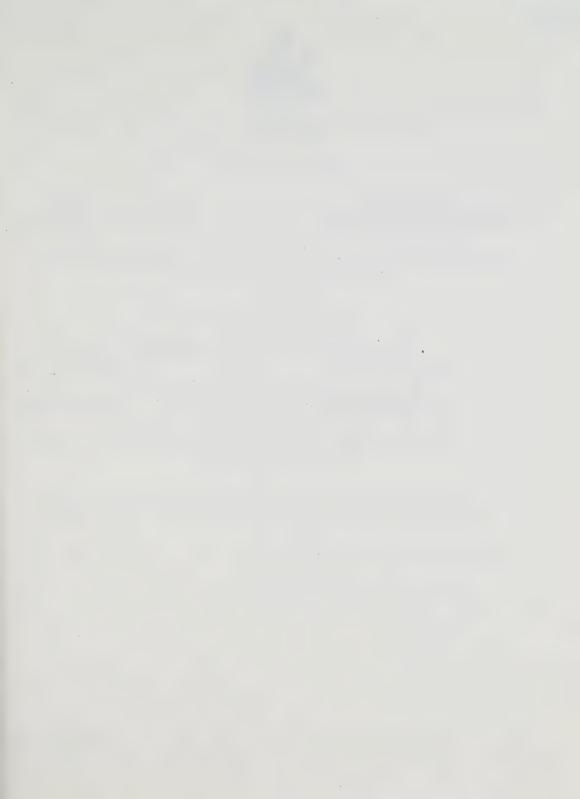
The hard-working and enterprising clerk has this for me: I can report back a week in advance to let you know that, after my letter, there is only one ministry now that has yet to respond to outstanding questions. That's the Ministry of Public Infrastructure Renewal. We will let them know that they remain the only ministry not to have responded to members' questions from our last session.

Any other comments, debates, questions?

I think that concludes our agenda. Folks, thank you very much. We look forward to meeting again on Tuesday, April 24, as we consider the estimates of the Premier's office.

This meeting is adjourned. *The committee adjourned at 1632.* 





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Vice-Chair / Vice-Président Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)

Mr. Kim Craitor (Niagara Falls L)
Mr. Bob Delaney (Mississauga West / Mississauga-Ouest L)
Mr. Garfield Dunlop (Simcoe North / Simcoe-Nord PC)
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E-44

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# Legislative Assembly of Ontario

Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Tuesday 24 April 2007

## Standing committee on estimates

Office of the Premier

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

### Journal des débats (Hansard)

Mardi 24 avril 2007

## Comité permanent des budgets des dépenses

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### STANDING COMMITTEE ON ESTIMATES

Tuesday 24 April 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 24 avril 2007

The committee met at 1602 in committee room 1.

#### OFFICE OF THE PREMIER

The Chair (Mr. Tim Hudak): Good afternoon, folks. We are here today for consideration of the estimates of the Office of the Premier, for a total of eight hours.

Before we begin, I'd like to clarify the role of legislative research with respect to the office before the committee today. The research officer is assigned to the committee to support the work of the members of this committee. Her primary function is to research and prepare briefings, summarize submissions made to the committee, draft reports to the House and, in this case, help committee members track questions and issues raised during the review of estimates.

The office is required to monitor its own undertakings resulting from the consideration of its estimates, and I trust that the Deputy Premier has made arrangements to have the hearings closely monitored with respect to questions raised, so that the office can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer. In other words, we want to make sure that any questions that couldn't be answered at the committee are answered to the members of the committee as soon as possible, and this will help us track those questions and have them answered in a timely fashion.

Are there any questions before we begin?

Okay, we will start with vote 2401, which means we will begin with a 30-minute statement by the minister, 30 minutes to the official opposition and 30 minutes for the third party. Then the minister will have 30 minutes for a reply. The remaining time will be apportioned equally among the three parties.

To make sure I'm clear, we have the Deputy Premier, Mr. Smitherman, appearing before the committee; we have Tony Dean, the Secretary of Cabinet; and Shelley Gibson, the director of corporate planning and services. Thank you for your attendance here today.

Mr. Deputy Premier, the floor is yours.

Hon. George Smitherman (Deputy Premier, Minister of Health and Long-Term Care): Thank you. I consider it a great privilege to have an opportunity to be back before estimates committee, albeit in a slightly different fashion than I have become privileged to know. But it's fantastic to know that I share this distinction with my friend Garfield Dunlop, who, in a previous incar-

nation, had the opportunity to appear on the Premier's behalf in estimates.

I believe that all members have been provided with a chart which will form the outline for my 30-minute opening today. I apologize that it's not prepared text, but I thought it would be helpful to give people a guide to what we are working for.

For purposes of understanding the chart, it has two columns. The left-hand column I would call the "Now" column, and the right-hand column I would call the "Then" column. The first item we deal with is very specifically with respect to the item before us, which is the allocation for the Office of the Premier of the province of Ontario.

The year that Mr. Dunlop had the opportunity to present—I'm going from memory here, but I believe it's correct—was the last time the Premier's office was before this committee for purposes of a presentation and discussion related to estimates. You can see the budgetary information for that fiscal year. In the 2002-03 fiscal year, the Premier's office produced an expenditure rate of \$3.8 million at the end of the year, versus their estimates, so an actual of \$3.8 million, versus the then-established estimate, which was \$3.1 million.

There are two things that make this noteworthy. First, this was 23.5% over the budget allocation for the Office of the Premier in that year. If we look at the information that's been presented with respect to the estimates for the Premier's office this year, we can see that the Premier's office budget estimate for 2007-08 comes in under the \$3-million mark. I'm very pleased to be part of a government that has been able to see the operation of the Office of the Premier take shape in a way that the estimate for this year is on par, relatively speaking, with actual expenditures for the fiscal year just past, still many hundreds of thousands of dollars below the actual expenditure of a government four or five years ago.

Of course, if members wish to speak about it more, I'm very pleased to be in the company of representatives of Cabinet Office, especially—I shouldn't say it like that—but with Mr. Tony Dean, who obviously is presiding over the operation of the Cabinet Office, which has similarly been an area in government expenditure where the overall pattern of expenditure is lower than the trajectory we inherited when we came to office in the fall of 2003.

On the health care front, we were then dealing with the circumstance where Ontario had gone through a very gut-wrenching process with respect to the closure of 28 hospitals. The hospitals in Ontario were still reeling from the 1995-97 time period, when the then government made absolute cuts to health care funding and especially to hospital funding. A corollary of that was that thousands and thousands of nurses were fired, then being consigned to the dustbin of history, kind of like the hula hoop. Well, the hula hoop has made something of a resurgence, I'm told, and so too have nurses in the province of Ontario. If we look to the left-hand column, we can see that the commitment to more nurses and doctors is one we have been very proud to advance through the fiscal envelope of the Ministry of Health this year. Investment should see nursing numbers come up to 8,000 new nurses.

There's been unprecedented investment in the capital stock of hospitals in Ontario. In fact, all the opposition members here have a close association with hospitals in their communities or nearby them that are either involved now or on the cusp of very major capital reinvestment. Through the concerted efforts of many on the front lines of health care, wait times for health care are down. And we're really proud of a variety of initiatives. Some of those specifically worth particular notation are the initiatives we've, all had the privilege, as members, of being involved in delivering in terms of our kids. We've seen a significant reduction in the rates of youth who are smoking, we've introduced a newborn screening program that has moved Ontario from worst to first and we've had very good exposure and uptake on new free vaccines that were added.

In terms of education, if we look back and then forward, the education circumstances we inherited at that time are perhaps best personified by the fact that an astonishing 24 million days of learning were lost to our students due to the kind of turmoil that had then become commonplace in our public education system. We had a government that was prioritizing public education resources for the provision of private schools. We had 500 schools closed and a general state of chaos.

We would all acknowledge that the public education system, of course, experiences many challenges, but we're really proud of the progress we've made, and especially, if we're very forthright about it, that hardworking front-line providers have achieved. Smaller class sizes, with 65% of classes already capped, mean better learning environments in the youngest grades-Dr. Fraser Mustard and Margie McCain, among others, have been so effective at letting us all know about the necessity of giving our kids all the advantages of time that they can have, especially in the earliest years. That, of course, has meant more teachers. They've produced higher test scores-teachers and our kids working together. We're very proud of the fact that there are more grads. We don't think we have maximized our potential to keep young people in school, and there are further initiatives that our colleague the Minister of Education has enhanced, but a general transition to peace and stability in our schools has produced very promising results that we're very keen to build on.

#### 1610

We would all agree, of course, that children are a very special part of the mission for all of us. In the past government, child care money was dedicated to tax give-aways, there was no introduction of new child care spaces, autistic children were cut off from government funding and resources at the age of six, there was a sheer shrug of the shoulders on the part of the then government with respect to tracking deadbeats who were not fulfilling their parental support obligations, and the child advocate of the day, in a manner that any of us who were here in those days could remember, was muzzled in a very, very serious way.

The children's agenda, as I said, is one we have dedicated a lot of resources to. The child benefit that was announced in our government's most recent budget will see an investment of \$2.1 billion over five years, addressing on a very, very immediate basis the particular needs of lowest-income families, and especially the children in lowest-income families; an increase in child care spaces; and an increase in the resources available for children's mental health, something I've been very proud to emulate on the adult health care side. We all know that this is an area where there are tremendous needs at the community level, and we were very pleased to be able to make two very substantial investments in children's mental health, keeping in mind that when we came to office, mental health, both children's and adults', had not seen one penny of investment in 12 years at the community level. They had flatlined budgets, and we've been able to advance that.

Our efforts with respect to autism—a very, very challenging file indeed—have seen a tripling of funding and a doubling in the number of children receiving services in the province of Ontario, and we continue to make progress in training more and more workers. Obviously, you can talk all you want about the necessity of providing more services, but you must have a sufficient number of people who are asked to deliver those, and we are working on that.

The "good parents pay" initiative has started to find deadbeats, and we have brought forward legislation that would ensure the independence of the child advocate.

The economy as well is an area that is well worthy of a presentation of contrasts. At the time that Mr. Dunlop had the privilege of presenting estimates—"defending" estimates, I guess, is the word—on behalf of the then Premier, they were rolling up toward a \$5.6-billion deficit. They, as a government, had added nearly \$50 billion to Ontario's debt. There had been a policy advanced, most particularly by the former member from Whitby and the now federal Minister of Finance, that industries were not worthy of support and investment strategies, as an example, were not possible, and the unemployment rate was at 7%.

If we look to circumstances now, we've built two balanced budgets, 340,000 net new jobs have been created and we've made very, very specific investments in sectors, including the auto sector. Today, I had the

privilege of making very important investments with respect to the research and innovation agenda, and of course through a combination of efforts we've put about a billion dollars into the forestry sector, with the recognition, of course, that there are communities in our province that are facing more particular economic challenges than others. The unemployment rate is a reflection on the progress that has been made. It is down to 6.5%.

On the environment, we've been very, very vigorous in protecting the environment, recognizing, of course, that the environment is also tied in to the quality of life we enjoy as individuals. Back then, there was a tremendous increase in the consumption of coal. Walkerton occurred, which was supposed to have taught us lessons. I remember in a remarkable way that when the O'Connor report on Walkerton came in, all parties, led at the time by Marilyn Churley, someone I consider a friend, endorsed the idea that the O'Connor recommendations would be implemented as they were. And it has been startling to see the pullback on the part of the official opposition with respect to their dedication to clean water, Walkerton having occurred, of course, on their watch, a long weekend that really was quite shocking to all of us. We had policies related to sprawl, particularly the sell-off of the Oak Ridges moraine by the previous government, and the Ministry of the Environment itself was cut by 50%. It's perhaps not entirely surprising that gentlemen like Randy Hillier are finding comfort inside the home of today's opposition party.

By contrast, our record with respect to coal is that it has been reduced by one third already, and of course we're making tremendous strides forward to reducing and eliminating Ontario's dependence on coal. I know the Chair offers strenuous distinction on this, but I'm tremendously proud to be part of a government that has provided protection for 1.8 million acres, forming the greenbelt, and that we've made specific initiatives with respect to clean water.

Especially as a lifelong resident of Toronto and one who has heard for 20, or maybe more, years about the necessity of connecting York University and York region to Toronto through an advanced public transit service subway, we have been very, very proud to be the government that has put our money where our mouth is and created the circumstances that will see a subway at long last evolving in Toronto. I must say, as a lifelong Torontonian, that it has been startling and disappointing to see the New Democratic Party in Ontario reverse on a long-standing position in support of the York subway. I was at Metro council in 1994 when at least one current member of the NDP caucus here at Queen's Park, Mr. Michael Prue, alongside our mayor, David Miller, voted in favour of this subway expansion. To see Mr. Hampton reverse on this long-standing NDP policy and at the same time refer to York region as an underpopulated area really was quite startling.

With respect to seniors, they are, of course, a community of particular interest for all of us. I always try to talk about seniors' initiatives in the context of the cir-

cumstances we're dealing with in our family. My mother is very young yet, but she would acknowledge that she's aging. Back then, we had a government that made a dramatic cut to home care and in fact reached in and took over our community care access centres. They eliminated all the regulatory standards with respect to the provision of long-term care, and over one weekend in a very stealthy manner—or so they thought—they jacked up the fees for our residents in long-term care by 15%. After a very vigorous protest, that increase was cut in half. I'm really proud that alongside my colleague Monique Smith, who is here, we've worked in the long-term-care sector and seen the other part of that increase reduced. We have reduced the burden of cost for people in long-term care.

We've made additional investments zoning in on \$1 billion in long-term care. We've increased access to home care in an extraordinary way. This year, home care is experiencing a beautiful expansion of the capacity to support people through palliative care in the very final days of life. We've banned mandatory retirement, which we think is a sign of respect. And in our most recent budget, many seniors celebrated the steps we took to unlock savings and pension-splitting, an initiative that, like I said, enjoyed good applause.

The strength of our communities is obviously a crucial priority for our Premier. The circumstances we inherited were from a time when downloading was the norm. Who Does What ended up as a process that did not serve our municipalities well. In fact, the government was struggling so vigorously that their attempts to reform the property tax system resulted in one bill after another—seven, eight, nine; people lost count. At the same time, as I said before in the environment section, sprawl was very much the norm.

We've worked hard to enter a new era of respect with our municipalities—with our communities. John Gerretsen, our Minister of Municipal Affairs, has served well in that. We've made tremendously good strides at uploading costs off the property tax base that we all agree are more appropriately funded at the provincial level. To date, the city of Toronto, as an example, has been able to hire 800 more people—800 more people—in the city's public health unit because the government of Ontario has not just met their 50% obligation, but we have increased our spending and are zoning in on 75% of public health costs to be borne by the government of Ontario.

Ambulance off-load: I was with the Premier two summers ago at AMO when we made a \$300-million commitment over three years to restore Ontario's role as a 50% funder of land ambulance. We've made progress with almost every community in Ontario, and very soon will be in a position where we have gotten back to that.

We have made initiatives in our most recent budget that are long-awaited by residents and communities in the greater Toronto area. I had the privilege of serving as chief of staff to the mayor of Toronto and worked for a federal cabinet minister in a Toronto regional role. Over those periods of time, and before I was elected and subsequent to my election when I served as GTA critic for our party, I heard an awful lot from the 905 municipalities about the distaste associated with the policy of pooling. I, as a Torontonian, was in a very celebratory mood when I saw the advance our finance minister was making on that initiative, perhaps particularly because associated with it was long-awaited progress on the business education tax. I've heard from mayors in places like Thunder Bay, Atikokan and Blind River, and from my own mayor, about the necessity of having more equitable business and education taxes. It's been a real challenge in some communities, and our most recent budget gives us really good progress there. We're proud of these initiatives that our Premier has brought forward and very proud of the respect he has shown.

In our dealings with the city of Toronto, if we use that as a comparison, it used to be that the province of Ontario was engaged in an awful lot of name calling. Our efforts with the city of Toronto have been respect: to provide them with a greater degree of resources, to provide them with a greater degree of powers and to look to work with them at all times.

Similarly, we've really worked to try to build back progress in an area that I think was quite shockingly dealt with back in the period we are using as our contrast. I have the privilege of representing a riding that is home to many of Canada's richest and too many of Canada's poorest, and we saw the demonization and victimization of poor people on an almost daily basis, whether it was a former Minister of Community and Social Services working to make a connection between people on welfare and addiction with his syringes stunt, whether it was the harsh attack on lowest-income people through reductions in welfare rates or whether it was Minister Tsubouchi's insistence at the time that people search out dented cans of tuna to be able to survive.

We've really worked hard to try to offer respect to individuals. We've restored direct grants for 120,000 of the lowest-income individuals in Ontario; we've increased welfare and ODSP rates; we've enhanced support for children and families with our child benefit initiative; we've built more affordable housing spaces, many of them in my riding, and others going up at present; and the minimum wage, already up 17%, will continue to rise to \$10.25. We've moved to housing allowances, again to address the reality that many in our communities struggle. Like I said, direct grants to lowest-income individuals have been restored. One in four of our postsecondary institution students in Ontario is receiving direct grants, which has been really important in terms of trying to address equitable access to opportunity, something that we all know is crucial in our lowerincome communities.

On the crime and safety front, we have moved from a circumstance back in the day where funding for public safety and security had been reduced by \$181 million and there were 10,000 outstanding arrest warrants. There had been, in that time, really no plan at all, very little regard

for the circumstances of abused women and a very dramatic increase in hate crimes.

We think that in a province like ours, which bears the mark of immigration, the best and the brightest from around the world coming to enrich the quality of our communities, it's absolutely necessary that we be there to support local communities.

We thought it was important, and our Premier campaigned vigorously on the idea, that we put more police on the streets. In 51 division, where I live, I can certainly attest to an increase. I believe the Toronto police service has something more than 200 new police officers, which we've been proud to participate in. The guns and gangs task force, which has been shunted forward with considerable resources from my colleagues the Honourable Monte Kwinter and the Honourable Michael Bryant, has made tremendous progress at taking a lot of the worstacting people in our neighbourhoods off the streets. We put a lot of money, some that we've invested directly and some that we put in the hands of "Pinball" Clemons and that foundation, toward helping address youth at risk. We are not ashamed; we're proud to be a government that has addressed the domestic violence agenda with a \$68million increase in resources, and alongside that, more crown attorneys and more parole offices.

On the issue of accountability, a word that is thrown around quite a lot, we believe, first and foremost, that the Auditor General should have more range to do the work to give Ontarians the information they need, and to give legislators and those in government the opportunity to do an even more effective job at all times with the investment of resources.

I have the privilege of running the biggest ministry around here, and while it's easy to get on the defensive when the Auditor General or Ombudsman, people who are playing these roles, are investigating in areas I believe that that great light shone—the greater detail and resource they're able to bring and the recommendations they offer—should always form direct advice. I have taken the view, our government has, that the Auditor General should have more powers.

We've allowed the Auditor General much greater powers to reach in and do value-for-money audits in the broader public sector. At the same time, we've also eliminated the shield that the previous government had installed that did not allow OPG and Hydro One to have their books exposed. We know that there was an off-book relationship—Minister Stockwell certainly established that in flying colours—and we really think it's important that at all times, we continue to progress on issues related to accountability.

We've gotten out of the business of having taxpayerfunded political ads, and we've enhanced the quality of the response rates with respect to FOI. In fact, the FOI response rate is the best in the 17-year history, and I'm sure that we will work hard to continue to build on that.

I think the last thing I'll close with is very, very relevant for some of the discussion—at least, that I had the privilege to witness from my vantage point in the

Legislature today—about the vision that your province and your government have for recognizing the nature of the Ontario community. I love the job that I have. I think most members do. One of the things that I find is so marvellous as I travel around Ontario is the extent to which community after community—it used to be associated just with the big city, but I had the chance recently to learn that a Pakistani gentleman has bought the gas bar in Thornbury and is handing out information to his customers about Islam. I think this is a profoundly powerful symbol of the kind of Ontario we've created that reaches out to the best and the brightest all around the world.

I know, as well, that the corner of Parliament and Wellesley in my riding enjoys a reputation in Jaffra and in so many other places. It has been associated with a pattern of immigration for a long time, and indeed, all around the landscape of Parliament and Wellesley are community-based organizations seeking to enhance the capability of immigrants to adjust and to settle.

In the old days, not so long ago, when Garfield Dunlop was here to present estimates—defend estimates—on behalf of the then Premier, the party was developing a platform for the subsequent election where immigration was contained in the crime section. I think this tells us a lot. There was very, very little support there for small community groups. There was no effort to make sure that Ontario got a fair share of the resources that the government of Canada has to invest in making sure that immigrant settlement takes place appropriately, and there was an astonishingly vicious cut to adult education of about 80%.

Some of those who immigrate are young, some of them are middle-aged and some of them are a bit older, but the point is that continuing education and access to resources that assist in the transition and integration are very, very crucial. While there are always lessons that can be learned about the way to do that better—and indeed, my colleague Mike Colle has spoken about those and initiated implementation of those—I think it's important to note that our party in government stands as one that is proud to be making an investment pattern that reflects the very, very serious hardships of organizations at the community level.

In a world where I have the privilege of supporting, in my role as Minister of Health, a wide variety of health and social service organizations that emanate from a cultural community or religious background, I must say, in an environment where we can make available each year from the Ministry of Health several billion dollars to organizations that have a religious mission or affiliation that may be connected to a particular culture, to say that these community-based organizations ought not to have some benefit of provincial resource to support the important mission that they're on, and to have heard many of these organizations referred to in a kind of sweeping, blanket condemnation as "fly-by-night" organizations, the allegation made by the leader of the third party today, I found astonishing. To call Frontier College a fly-by-night organization when it's been working in my downtown riding and, indeed, in the remote reserves of northern Ontario to bring forward literacy for children, to have an organization with a more than 100-year track record dismissed as fly-by-night, all to try to seek political advantage—I was sad about it.

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But I'm proud to be part of a government led by our Premier and Premier's office staff who support him in his work to fight hard for Ontario. He's done so in terms of the Canada-Ontario agreement, which is going to see an immigrant who chooses to settle in Ontario treated with fundamental respect and equity with those who may have chosen previously to land in places like the province of Ouebec.

One of the things that I know we all struggle with, with a lot of anguish, are the challenges that we have in our world, where we have a lot of self-regulating organizations, trades and professions, where a lot of our new immigrant communities have come face to face with these barriers. We've made a lot of progress. Bill 124 is important work that we've done in the Ministry of Health to create more one-stop shopping capacity, if you will, where our foreign-trained health professionals can receive a very accurate assessment of what they need to enjoy success, and especially this fairness commissioner, which will hold to account to a much greater extent these organizations that have been entrusted with their own governance. These are all initiatives that we've made with respect to our new Ontario community, initiatives that we've very, very proud of.

When I had a chance to come before estimates committee before, the item at hand was, I guess, around \$35.5 billion then, and we're dealing here with an entity which in the grand scheme of things is a modest portion of overall expenditure—under \$3 million. I will do my very best through the course of questioning today to offer a perspective which is not just born of the privilege that I enjoyed as an opposition member, and not just of the privilege that I enjoy currently as a member of the executive council, but I also had—I mean, it was a long time ago, Tony; I had hair then-the privilege once of serving in the Premier's office under David Peterson. To the extent that the committee may wish to have a perspective with respect to things like issues of management then and now, or what have you, I'll do my very best to entertain those questions.

With that, in case I didn't say this well at the beginning, I just want to thank all the members of the committee for the opportunity to be here and to participate in one of the most exciting elements of our democratic process.

The Chair: Thank you, Deputy Premier: Right on the nose, 30 minutes exactly. Again, Ms. Gibson and Mr. Dean, thank you for being here as well to respond to questions. We will now go into our rotation, with 30 minutes to the official opposition, followed by 30 minutes to the third party, and then the minister has 30 minutes to wrap up at the conclusion of today's sitting of estimates.

The official opposition; Mr. Dunlop.

Mr. Garfield Dunlop (Simcoe North): Thank you very much, Mr. Chair, and again to Deputy Premier Smitherman and staff. Tony, it's good to see you back here. The minister is quite correct. I think the last time the Premier's office was called to estimates, you were sitting right there beside me at that time as well. I guess you see a lot of things come and go in this business, particularly political parties at the helm.

I have to tell you that when I sat in that chair as a member of the government, at that point representing Premier Ernie Eves, I sat there very, very proud of our accomplishments. I want to thank the minister for bringing this "then and now" along, because he's given me a whole bunch of new ideas that I hadn't thought about for a while. I'm not actually 100% sure that everything is quite as accurate on there as we might expect.

I sat there as part of a government that had just created a million new jobs in the province of Ontario. I sat there after defending a government that had presented four balanced budgets. We had just created 20,000 new long-term-care beds. Not all of them were up and running, but at that particular point, in 2003, there were a number of those beds, I believe around 17,000, that had actually opened.

And we replaced portables in the education system. I can think of my own riding: Over 11 different projects were under the school renewal program where we replaced portables right in my riding.

That was a difficult year for government and for all of Ontario. I think a lot of us forget about some of the things that happened in 2003, particularly leading up to the election. It made it very difficult for Premier Eves at that time. I think of SARS and the work done by Dr. Colin D'Cunha and our then Minister of Health and Long-Term Care, Tony Clement, going back and forth to Europe, something they had never accomplished before. That had a dramatic impact on our economy that year, and of course, that was reflected later on in the year with the deficit.

But we also had things like the blackout. Who will ever forget that day when all of the eastern coast of the United States and much of eastern Canada was completely blacked out? Again, that was devastating to our government and to the province of Ontario, in a lot of financial ways as well. There was West Nile virus; BSE, mad cow disease.

These were all things we inherited that were unexpected. As we approached the election, we wondered what would happen next. There was one joke around: The locusts were coming. That never actually happened that year, but I can tell you that it was a very difficult time for Premier Eves. I do want to go back and say how much I appreciated the opportunity to represent him in the chair where the Deputy Premier is today and defend our actions.

At that point, you'll recall that when Premier Harris came to power in 1995, the provincial budget was \$49 billion, and he inherited an \$11-billion deficit after that terrible depression of the early 1990s. So I'm quite proud

of the accomplishments of the Office of the Premier under the Progressive Conservative Party, as is the Deputy Premier today under the Liberal Party as the government of Ontario.

But those are a few opening comments. We want to go directly now to some questions to the Deputy Premier and to the cabinet office, if we could. I know my coleague Mrs. Elliott has a number of questions to ask. We'll follow through and look forward to the remaining time in the Office of the Premier under estimates.

The Chair: There are about 26 minutes left in this round.

Mrs. Christine Elliott (Whitby-Ajax): Minister Smitherman, Mr. Dean and Ms. Gibson, thank you for giving me the opportunity to ask a few questions.

I would like to commence with some questions arising from the results-based planned briefing book, 2007-08 regarding the program spending from the Office of the Premier, specifically regarding some of the payroll expenses incurred during a specific time period. The time period that I would like to refer to commences during the summer of 2004 and specifically relates to the issues surrounding the Ontario Lottery and Gaming Corp. issues with respect to insider wins. I would like to refer to page 3 of the Ombudsman's recent report on the lottery issue, called A Game of Trust, which states that in August 2004, a meeting was held at the Ontario Lottery and Gaming Corp. on the subject of insider fraud. My question is, was anybody in the Premier's office aware of this meeting at any time during the summer of 2004 up to the end of the year, December 31, 2004?

Hon. Mr. Smitherman: Well, the estimates that are before us, as best as I know, relate to the 2007-08 period. If you take a look at them, if you take a look back, what you had from the standpoint of government resource—you asked about employment-related matters at the beginning—is that, relatively speaking, our government's expenditure on the Office of the Premier has gone down slightly. That certainly was the case.

If we look at this year's estimates versus the estimates for 2004-05, you actually see a reduction of about \$100,000 on the costs associated with the operation of the Office of the Premier.

Detailed information about what meetings people took in three or four years obviously would not be information that I have available to me.

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If you have a question about 2004, in terms of the role that the Premier's office plays in helping to assist and give guidance to government ministries and how agencies fit into this, I believe I could try to be helpful in addressing that, but I wouldn't have detailed information about 2004, given my preparation for the 2007-08 estimates.

Mrs. Elliott: My question really does relate to, I suppose, year-over-year expenses and increases and decreases and so on. I am specifically interested in that time frame, in that there are certain people who may have some relevant information regarding that particular issue.

Is that something that you would be able to undertake to provide?

Hon. Mr. Smitherman: I could only know if you actually got down to asking me a question that's a bit more specific. For instance, I do know that in the year before that, the actual expenditure in the Premier's office was almost twice as much. Sometimes the sunshine law shows people who have long since departed still receiving some compensation for it. I must confess that I'm not 100% clear on the exact nature of your question. If you could be a bit more precise, I'll try to be helpful.

Mrs. Elliott: I am particularly interested in any information regarding any people who were on the payroll in the Premier's office who knew about or had any information concerning the allegations of insider fraud at the OLGC—who, if anyone, knew about it and when they knew about it.

Hon. Mr. Smitherman: Obviously, we've all had the privilege of a very, very voluminous examination of the circumstances related to this, through the good efforts of the Office of the Ombudsman. To the very best of my knowledge, the situation that he speaks to with respect to insider wins makes a few points.

Firstly, the case that we've all heard the most about, of course, is the case of Mr. Edmonds—and, of course, I acknowledge his recent passing. Almost six years before he passed, on July 27, 2001, as I've come to know it, the whole incident began.

When we look at who knew what when and such, I think as early as 1993 or 1994—I think someone will correct me if I'm wrong—the Ombudsman's report makes reference to this insider win concern.

He subsequently makes reference in his report to the culture that was in existence within the Ontario Lottery and Gaming Corp., which I think had resulted from decisions that the previous government took about how it should be aligned.

In his report, I also know that he has given very, very clear information with respect to the changes that are well under way at the OLG.

I don't think that he offered anything further with respect to a 2004 meeting, and I wouldn't have anything further to offer on that.

**Mrs. Elliott:** Of course, the issue with respect to Mr. Edmonds was settled in mid-March 2005. There's some indication that there were some conversations going on at the OLGC—

Mr. Richard Patten (Ottawa Centre): Can I ask for a clarification, please? I know where Mrs. Elliott is coming from. My point is that the estimates committee is here to review and consider estimates for the year 2007-08. Fine, it's fair enough to ask for comparative figures or some link with today, but the line of questioning that continues on, historically, has nothing to do with the estimates of today. Mr. Chair, I'd ask if you would please rule on that, in terms of how it relates to the estimates.

The Chair: We'll make sure that members do concentrate on the issues that are before us at estimates.

The Deputy Premier did have a broad range of discussion, as well, in his opening comments. In fact, he went back to 1995, if I recall.

I'll ask members to make sure their comments do relate to the estimates that are before us, but in the tradition of this committee, a broad range of questions on issues related to the Premier's office will be permitted.

**Mr. Patten:** I appreciate that. I think the committee has some scope, in terms of its latitude of proceeding.

In other models, it begins with the chief witness, then it moves to the two opposition parties' statements, and then once the statements are finished, we move into question period.

If, in this model, parties can open up issues in lieu of their segment, I have no trouble with that. If they want to ask questions related to what has been said there, I appreciate that. But once that round of opening statements is finished and questions begin, it seems to me that they should be related to estimates.

**Mr. Dunlop:** On a point of order, Mr. Speaker: I recall, if you could go back to the minutes of the estimates of 2003—and I'm not trying to argue with you. I just want to make it very clear that this is typical of the line of questionings that I faced in the Office of the Premier and the cabinet office.

As well, we've seen this even as recently as last fall, when the Minister of Finance appeared before the committee regarding his report. In fact, in his second opportunity to respond, the minister went directly to questions at that point; he didn't even want to reply to the one-hour of the two opposition parties.

Certainly, I know that in the past we've dealt with every type of question and comments that the Premier's office could possibly be involved in, from travelling around the world, to different kinds of conferences they attended, to the actions, the staffing in the office, the number of vehicles they had etc. Those were all open. We had to get a lot of answers for the estimates committee in 2003, and I would expect the Deputy Premier would get those, as well, if he doesn't have the answers available today.

The Chair: I'd like to move on, in terms of the time.

Again, I'd ask members to make sure their questions pertain to the estimates before us. The Premier's office has a broad range of responsibilities, which we all know, and I think you know there are a broad range of questions that are usually allowed pertaining to the estimates.

The Deputy Premier, I know, has been Deputy Premier for less than a year. If he doesn't have knowledge of some of these issues, then I understand if he can't respond to these particular questions.

**Hon. Mr. Smitherman:** I'm going to do my best to offer information. For some of these questions, it may be that there is no information to offer anywhere, but I will do my very best to provide it.

You used the word "indications"—I have no knowledge of those things. What I do recognize, really, as one who has consumed good bits of the report by the Ombudsman, is that he has made commentary which

suggested that the culture that had been created within the OLG was part and parcel of the trouble. In his report, he spoke about a report, I think, going back to 1993, referred to as the Rutherford case.

The step that we've taken, which I believe is very, very crucial, is to separate out the responsibility for the regulation of the OLG. Obviously, you saw in a fairly recent initiative that we've transferred those responsibilities to the Ministry of Government Services, building on the critique, if you will, that was on offer by the Ombudsman about the culture that had been created there.

Then there are the issues with respect to the fact that it's an agency model. An agency model, by its very definition, is further and further away from the government than a line-operating ministry would be, as an example.

I'm sorry, but I can't offer anything further on a 2004 indication.

Mrs. Elliott: The Ombudsman's report does detail some communications and some issues that arose out of the OLGC with respect to the insider fraud allegations, and there's some indication that there was a meeting in early August. On August 8, there was a report prepared by a manager in OLGC detailing some concerns. The same person expressed concern on September 21, 2004, and wrote an e-mail detailing these concerns and again, also in October 2004, raised concerns about machines not playing music to identify wins as a security risk. All of this went up to the end of the year in 2004.

I'm gathering from what the minister is saying that either the Office of the Premier had no knowledge of any of this information, or you're simply unaware of it. If the latter is the case, would you be able to undertake to provide us with that answer in due course?

Hon. Mr. Smitherman: Well, no, I'm saying more than that. Not only am I unaware of it, I think that we have to be mindful that if one is to make the leap that a minister knows about everything that is discussed or that occurs within an agency, then we're working, really, on an assumption that the chair knew about the events that unfolded on July 27, 2001. We don't make that assertion.

I have the privilege of running a pretty big ministry. It has an agency, for example, the Smart Systems for Health Agency. There are accountability mechanisms, of course, that as members of the Legislature we're all involved in the presentation of their annual reports and the like, but we shouldn't misunderstand from an operational standpoint: That agency model really does push people further and further afield from what we might refer to around here as the centre.

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Mrs. Elliott: I can certainly appreciate, Minister, that in the normal course you wouldn't have any knowledge of the inner workings of the agency on a daily basis, but certainly this was a pretty serious allegation that was raised several times by the same official, and I simply would like to know whether that concern was raised with the Office of the Premier.

Hon. Mr. Smitherman: To the very best of my knowledge, no.

Mrs. Elliott: Thank you.

In March 2005, there was the issue of the court proclaiming with respect to Mr. Edmonds's case, and then there was a settlement that was agreed upon on March 17, 2005, with Bob Edmonds for \$200,000. Did anybody in the Premier's office have any contact with anybody at the OLGC or the Ministry of Public Infrastructure Renewal about the Edmonds case prior to the settlement?

Hon. Mr. Smitherman: Again, I think this would fall largely into the matters of the previous question. The Ontario Lottery and Gaming Corp., renamed, obviously, since then, is a very, very substantial organization. The matters that are at hand and the sums associated with them would, I'm quite confident, be within the typical operational range and purview of the people who are entrusted to run that organization. Again, I go back to the idea from a second ago that every operational matter is a matter of interest and action on the part of 30 or 40 or 50 people. The idea that a staff of the Office of the Premier is in a position to be involved in every operational matter is, I think, something that—if Ontarians were expecting that, I would want to disabuse them of that. That, obviously, is not practical. Similarly, when I look at my ministry, a \$37.5-billion operation this year, with 300,000 indirect employees, with thousands of transfer payment organizations-obviously, when you're into big organizations like this, especially in an agency model which is further afield, this is a lot about operational distance and distinction.

The Chair: Mrs. Elliott, sorry to interrupt. Ms. Smith. Ms. Monique M. Smith (Nipissing): On a point of order, Mr. Chair: I'm still at a loss as to how this line of questioning is in any way related to the estimates of the Office of the Premier. We're talking about an agency that reports to a different minister altogether; we're talking about a time frame that's not related to the 2007 estimates of the Office of the Premier. So perhaps I am being obtuse, Mr. Chair, but could you explain to me how this line of questioning is in any way relevant to what we're supposed to be doing here today, and if it's not, then perhaps you could direct that we do some questioning on the estimates.

The Chair: Again, I appreciate the intervention. We'll go back to Mrs. Elliott. As I've said, estimates traditionally has a broad range of questions that are permitted when the minister, or in this case the Deputy Premier representing the Premier's office, is present. The Premier's office has a wide range of responsibilities.

Mrs. Elliott, please ensure that these questions do relate to the estimates that are before us. I believe Mrs. Elliott's last question pertained to whether the Premier's office staff were briefed on these issues, so it's in order.

**Ms. Smith:** Perhaps, Mr. Chair, you could give me some direction on the time frame. We are looking at the 2007 estimates. I can understand doing a comparison between different periods of time, but when you're

asking specific questions about something that happened in 2004, I fail to see how that relates to the 2007 estimates.

The Chair: Fair enough. We'll continue. I'd ask the members to ensure that their questions pertain to the estimates booklet that is before us. I'd say to my colleague that in my 12-plus years, these questions are very much in line with what I've seen at estimates before. We need to take care to make sure that they pertain to the Premier's office and the estimates booklet, but I don't see anything that's out of the ordinary with previous questions about the Premier's office staff or representatives.

Mrs. Elliott.

Mrs. Elliott: Thank you, Mr. Chair.

Minister, I do appreciate the distinction between an agency of the government and their operation and normal course of events and so on. Again, I would ask you if you can undertake to inquire as to when the Premier's office first became aware of the settlement with Mr. Edmonds.

Hon. Mr. Smitherman: As there may be a number of these matters that come up, I will offer the answer based on all the information that I have, and if there is any information that would alter that or what have you, then I'll most certainly bring that forward to the committee.

Mrs. Elliott: So may we have an answer to that question?

Hon. Mr. Smitherman: I'm giving you my answer. No, to the very best of my knowledge. If there is any information that is available that offers a different view about that over the course of the balance of estimates—and I think the Chair has already indicated that at the end we might want to circle back and see if there are areas where further information is available—I'll be very happy to offer to you and to all members of the committee the undertaking that we'll operate on that basis.

Mrs. Elliott: If I can just clarify, I believe you're answering that you did not know about it, that the Premier's office did not know about the settlement before it was announced. Am I correct in that assumption?

Hon. Mr. Smitherman: Well, you keep asking the question in a different way. If you want to get the clerk to go back and show you the different ways you've asked it—are you trying to change that? Is that accidental or deliberate?

Mrs. Elliott: No, no. With all due respect, what I was asking before was, were you aware of the settlement before it was announced—

Hon. Mr. Smitherman: Obviously I wouldn't have been in such a position. The answer to that question is no, not to the best of my knowledge. The undertaking that I offer, just to be clear, is that in the instance that I may not have been fully informed, then we'll make sure that we bring that information back to the committee.

Mrs. Elliott: Okay, and that, on behalf of the Office of the Premier, is what you're answering?

Hon. Mr. Smitherman: Yes.

Mrs. Elliott: Okay, fine. My next question would be, to your knowledge, when did the Premier's office first

become aware of the settlement with Mr. Edmonds, and what was the response?

Hon. Mr. Smitherman: The actual date—I don't know if there's been any discussion around this. I think this is something where I would most certainly indicate to the Chair that I'll bring that information back to the committee.

Mrs. Elliott: Thank you. Do you know—and this specifically relates to someone on the payroll during that time frame—

Hon. Mr. Smitherman: Which time frame?

Mrs. Elliott: It would be back in 2005, but again, I'm trying to bring it up to the present framework and comparing year over year. Did Mr. Jim Warren have any involvement with OLG while he was employed as the director of communications at the Office of the Premier?

Hon. Mr. Smitherman: I'm not privy—I'm not partial to that information top of mind, but we could certainly seek to provide some description around his responsibilities, and I could endeavour to bring that back.

I must confess, I've known Jim Warren for a long time, but as I sit before you, I wouldn't know top of mind exactly what his employment coverage period was. I mostly remember him for his association with Mel Lastman.

Mrs. Elliott: There were, of course, dozens of media reports following the announcement of the settlement of the Edmonds case, and I guess this somewhat relates to the previous question, but what, if anything, did the Office of the Premier do in response to all those media reports?

Hon. Mr. Smitherman: Obviously I've just indicated to you in answer to a prior question that I'll endeavour to get back, but to the very best of my knowledge, my instinct is that the media accounts themselves, as is very often the case, are the first point of awareness that a lot of us get about issues that are ongoing. I think that, in a certain sense, is tied up in the earlier answer. The best of my knowledge is that like a lot of times, the first time that you know there's something up is when you get these kinds of media reports.

Mrs. Elliott: What typically happens when you get media reports like this? What normally would take place?

Hon. Mr. Smitherman: Well, it depends very much on the circumstance, but I believe that in the form of government in which we're operating, certainly within the style of leadership within the form of government that we're operating—and there are different ones of these. It's been said of the previous government, by members of the previous government, Bill Murdoch perhaps notably—I can't remember; I might get this slightly wrong—something like "the tiny tots in the Premier's office are calling all the shots." I'm paraphrasing; someone can pull the quote.

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I know that in my role as the Minister of Health, for the largest portfolio in the government, I enjoy—I wouldn't brag about this, because I don't want it altered—a very great latitude to run the affairs of my ministry and to get the job done. You could imagine, of course, that associated with a \$90-billion operation, give or take, the range of issues that are being churned up on a daily basis specific to regions or specific to ministries is quite extraordinary, so obviously there's a whole bevy of folks in ministry communications branches and indeed within this organization itself who would be the primary responders to daily issue management circumstances.

Our practice would be kind of a—I would imagine it's very difficult to say what an exact line is, but the circumstances as I've seen them, with three and a half years of experience, is that there's a bit of a hierarchy, and the stuff that's making it to me is less information than is making it to my media adviser and my communications people, and they're getting less than the ministry is getting, and the ministry is presumably getting less than the agency. That really speaks, I think, to primacy of responsibility for addressing the issue.

The very best of my information is the Ontario Lottery and Gaming Corp. is a big entity. Mr. Hudak understands it better than I, having been involved in helping to set it up. But it's not like it's an entity that does not have, as part and parcel of its structure, a very good daily capacity to address its ongoing challenges. It's a multi-billion-dollar operation. They're well resourced to address most of their challenges. That's the responsibility that people would see for them. We put our confidence, obviously, in sending people forward and making sure that there's a good governance model in terms of the people who are on the board and such.

The Chair: You have about six minutes left.

Mrs. Elliott: Certainly, and I recognize that we're not asking questions of you today in your capacity as Minister of Health, but if you received information that there was some aspect or some allegation of fraud within your ministry, how seriously would you take that?

Hon. Mr. Smitherman: Well, I think it's not entirely—the thing is that this didn't happen within a ministry, right? It was within an agency; it's further down the line. But I have to say that in areas where there's a very broad resource—in health care, we're spending a lot of money. There are circumstances that you read about in the media that I hadn't heard about prior. I'll give you one small example in the instance that it's helpful.

There are stories that will come out of a kind of regional matter. In health care, we distribute the money, and there are a lot of players out there who spend it. If someone in a local hospital has been involved in doing something with public resources that's negligent or what have you, it's much more likely that that would be learned on a local basis, rather than on the platform of the head office of the Ministry of Health downtown. But these things are all dependent upon: What is the nature of them? How significant are they deemed to be by those who are in the very organization where the event has occurred?

To the best of my knowledge, protocols are not so standardized that they say, "This fits neatly into this box,

and accordingly, steps A through H are what's necessary."

Mrs. Elliott: I wouldn't necessarily expect that that would be the case, but I would anticipate that something as serious as an allegation of insider fraud within an agency such as this would have been elevated, particularly along with the many, many media reports concerning these allegations.

Hon. Mr. Smitherman: Well, I think the one word I would offer to that is "expectation." Is what you've just expressed an appropriate expectation? Perhaps it is. I have the benefit, like you do, of reading a report from the Ombudsman that tells me that this place was not exactly functioning as we might have all preferred that it did. Issues of insider trading that you're speaking about in a 2004-05 context—in the report itself, the Ombudsman has reflected on at least one circumstance dating back to 1993 and in addition to that has spoken, I think, quite directly about the culture that was created there. So keeping in mind what we have learned from the Ombudsman's report is very, very important.

You said you would have anticipated that it would be sent up the line or something like that, but if we review what the Ombudsman said about the function of that organization at that point, I don't think it's clear that you could apply that expectation.

I hope that we get a chance, through these hearings, to spend some time focusing on those initiatives that have been advanced to dramatically enhance the capability of this organization to perform in a way that gives us all confidence, as government folks, and also gives confidence to the playing public, which is so essential.

Mrs. Elliott: If I can just sum up then, would you agree that it would have been reasonable and prudent, in fact, for the Premier's office to have made those inquiries, given the fact that there was a settlement for several hundred thousand dollars on the basis of an allegation of insider fraud, a huge amount of media attention and a great deal of interest from interested parties? Would you not agree that it would have been reasonable to check into that?

Hon. Mr. Smitherman: No. I think anyone who has had experience in government would not pretend that it's possible for-I think there are 61 people who work in the Premier's office, and they have a lot of daily functions. If you want to reduce the idea of responsibility to the point that the daily job of the Premier's office should be to review every newspaper—and there are hundreds and hundreds and hundreds of them-to search out those stories for which they should proactively be engaging and calling out to all kinds of other people and asking them questions, no. I know that's not real-world experience. I don't think it's appropriate to pretend that in a \$90-billion operation, the Premier's office is going to be involved in every \$200,000 item. Please, I'm not going to accept anyone trying to pretend that I'm calling that an insignificant amount of money; that's a very substantial amount of money, of course. But on a \$90-billion budget, no one should pretend and no one should seek, I think, to want to pretend that the function of the Premier's office is to read newspapers and ask questions about the things that may be of concern to them.

If my Premier's office—if there's one story where I've screwed up—maybe there are two. But if there's a story where something egregious has occurred and it's the front-page story in four dailies in Ontario, do I anticipate an enhanced degree of interest from all and sundry? Oh, yes, for sure, but I really wouldn't think it's appropriate to establish, at a \$200,000 mark, the expectation that the Premier's office is involved. I think that if we—

The Chair: Thank you. You made the point well.

We'll go to the third party. Mr. Ferreira, the floor is yours for 30 minutes.

Mr. Paul Ferreira (York South-Weston): I'm delighted to be here today for what is my inaugural meeting of the standing committee on estimates.

Listening to the Deputy Premier, he certainly does seem to see things through rose-coloured glasses, and I would disagree with him on his laundry list of so-called accomplishments of his government.

That being said, I think that we on this committee and, in fact, the public are best served if we are able to go immediately to questions, and that's what I would like to do with my time, if that is permissible.

Deputy Premier, pardon me if some of my questions are basic in nature, but I am a fairly new member of provincial Parliament.

The organizational chart that has been provided in our briefing book on the structure of the Premier's office is somewhat helpful, but I'm wondering if you could just let me know—and you may have referred to the number earlier—exactly how many staff are employed in the Office of the Premier?

Hon. Mr. Smitherman: Sixty-one.

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Mr. Ferreira: Under the estimates, we see that the amount allocated for salaries and wages is roughly \$2.35 million, give or take \$1,000 or \$1,500. That would make the average about \$40,000 a year.

**Hon. Mr. Smitherman:** So it would seem. There's one thing you should know, and it might be helpful for Mr. Dean to offer some historic reflection on this—I'll defer to you if you want this.

Mr. Ferreira: Sure.

Hon. Mr. Smitherman: It has been the practice, as I understand it, that some of those who function in the Premier's office have responsibilities related to line ministries; as an example, the Premier has a health policy researcher. The tradition has been established, and been in practice for some period of time, that there is a sharing of the cost associated with the provision of those roles which relate to a line ministry.

**Mr. Ferreira:** You led me to what was going to be my next question. What you're saying is that in fact there are, among the 61, staff members who are seconded from other ministries. Is that correct?

**Hon. Mr. Smitherman:** I didn't use any reference with respect to secondment. The issue at hand is a cost-share with respect to their compensation.

Mr. Ferreira: Of those 61, how many see their wages come directly out of this \$2.35 million?

**Hon. Mr. Smitherman:** I'm not in a position to answer that. Shelley is in a position to answer that.

**Ms. Shelley Gibson:** I appreciate the opportunity to answer this question—this is my inaugural appearance at the estimates committee too.

Mr. Ferreira: We'll always remember this day.

Ms. Gibson: There you go.

All the staff for the Office of the Premier are actually paid out of the Office of the Premier; their salaries and wages come out of the Office of the Premier. But in the spirit of fully integrated cost accounting, there are charges paid by various lead ministries in recognition of the expertise that certain staff have to support different events and initiatives. The costs are actually all paid out of the Office of the Premier, and then there's a chargeback to the ministries.

**Mr. Ferreira:** They're charged back. So 61 staff are paid out of the Premier's office budget, out of the \$2.35 million. Correct?

Ms.Gibson: That's correct.

**Mr. Ferreira:** Very good. Out of which ministries do these staff members come?

**Ms. Gibson:** I don't have the specific ministries with me at the moment. I don't have that information.

**Mr. Ferreira:** Could you get that information for us? We're going to be here for another six and a half hours, give or take. Could you get that for us?

Ms. Gibson: What I can tell you at the moment is that approximately half of the staff costs of the Premier's office are charged back to lead ministries. That is my understanding. Although I've only been in cabinet office for a year and a half, I understand that's been a consistent practice for many years.

**Mr. Ferreira:** These about 30 folks: Are they sprinkled throughout the organizational chart, or are they at different levels of the organization?

Ms. Gibson: It's a chargeback against the full salary and wage budget.

Mr. Ferreira: OK. And you'll get back to us on exactly which ministries, just to be certain?

Ms. Gibson: I'll definitely look into that.

Mr. Ferreira: I think that would be helpful.

How many of these 61 are employed specifically in a communications/media function?

**Ms. Gibson:** I don't actually have the specific breakdown of functions within the Premier's office with me at the moment.

Mr. Ferreira: In my own office, I know that communications/media takes up a sizable chunk of time, resources and staff allocation. Is there an estimate as to—

**Hon. Mr. Smitherman:** We don't have it at hand, but we can obviously get that to you.

Mr. Ferreira: It's a pretty significant element of staffing.

Hon. Mr. Smitherman: The Premier's office has a bunch of very distinct functions, and communications is of course part and parcel of that. I'd say it's one of five or six very distinct functions.

Mr. Ferreira: What are the other ones?

**Hon. Mr. Smitherman:** We'll be very happy to show you the 61 and how they cluster up in those functions.

Mr. Tony Dean: Generally speaking, just as you would find at a ministry level, there are staff assigned to policy development support, and their job would be both to provide advice to the Premier on policy issues coming at the Premier directly and policy submissions coming through the cabinet process, and also be responsible for ensuring, in a horizontal sense, that policy issues that connect across a number of ministries, which they more commonly do these days, are connected or joined up so that there's a whole-of-government approach being brought to the analysis, research and advice on a particular policy issue.

Communications and issues management, obviously, is another function. To be clear about that, it again involves a coordination role across all government ministries; it involves a quality control role; it involves a planning role; it involves ensuring that policy issues are connected to communications planning. There is an issues management capacity, as you will find in ministers' offices, where a minister, or the Premier in this case, receives advice on issues that are emerging on the radar screen. There's a correspondence function, a speech-writing function—

**Mr. Ferreira:** I understand. If I can just interject, we have staff who are responsible to the Premier to give him advice, to give him briefings on emerging issues. You mentioned that.

Mr. Dean: That's correct. You'll find that at every ministry in government, and you'll find it is a historical feature of all Premiers.

**Mr. Ferreira:** Sure. And on a daily basis that happens once per day, twice per day? How often does that typically occur?

Mr. Dean: You will find, if you look at historical practice across governments of all political stripes, that generally at every ministry there will be a scanning facility that minimally will look at clips you will probably see every day, and looks at emerging issues that may be in the media or that may be communicated by stakeholders or MPPs of any particular party. They'll be assessed and, in some cases, given their relative magnitude; a note may be prepared for the Premier or for senior Premier's office staff.

Hon. Mr. Smitherman: To your question about daily or what have you: Obviously, I'm not the Premier, but my experience has been that you tend to be briefed more often depending upon how much access you have to open questions. So when question period is in session, obviously a little bit more, and when you're doing media events, obviously more. In the summer months, as an example, it might be, in my circumstance, a good long bit of time between specific briefings, depending on those events.

**Mr.** Ferreira: Sure. It gives you more time to hit the barbecue circuit, I suppose.

Hon. Mr. Smitherman: Was that a shot at my weight?

Mr. Ferreira: No, not at all. I know you trim down when it's election season; I was your constituent for seven years, Mr. Smitherman.

Hon. Mr. Smitherman: I remember. You're a different man now than then.

**Mr. Ferreira:** By the way, I've always craved the opportunity to ask questions of you, so I'm glad to finally get the opportunity.

I want to go back to something you mentioned: the scanning of media clippings and perhaps reports and submissions by third-party stakeholders. Would you agree that something that garners a great deal of media attention, even international media attention, concerning the province of Ontario, one of its ministries or one of its agencies or departments, would likely be flagged by one of those individuals engaged in scanning and preparing briefing notes?

Hon. Mr. Smitherman: I think I spoke to this. It's a bit of an order-of-magnitude issue. You could imagine that if you're at the top of the org chart and you have a \$90-billion operation that has something like 65,000 direct employees and probably more than a million indirect employees, that scan, if you reach out to every daily, every electronic source, is going to bring back dozens of stories, if not hundreds. So practically speaking, no, that's not the way the world is likely to turn.

Mr. Ferreira: Deputy Premier, with something that makes international headlines and casts an agency of the province in a negative light, I would think that those employees engaged in the process of scanning and briefing, if they're earning their keep—I suggest that the ones at the top of the organizational chart are probably paid fairly handsomely—would flag that for the Premier's attention.

Hon. Mr. Smitherman: I guess you and I could be at this all day. I could set this up for you, but if you want to just go back and talk to someone who helped to provide leadership in a government that your party led—

Mr. Ferreira: Your best friend Bob.

Hon. Mr. Smitherman: No, I wasn't even thinking about Bob Rae.

Mr. Ferreira: Mr. Chair, I don't want to go back into ancient history books—

**Hon. Mr. Smitherman:** You've had the answer. On the other hand, if you want to show me some of these clippings that you're talking about—

Mr. Ferreira: Mr. Chair-

The Chair: Sorry, I was trying to get the next round organized.

The Deputy Premier knows, and to our members, that if we ask short questions, we would expect a short answer. If they're open, leading questions, then I will give latitude to the people before the committee to answer in a more broad fashion.

Mr. Ferreira: Fair enough. I'm learning on the job as we go.

With all due respect, Deputy Premier, I don't want to go back into the history books to previous governments. I want to focus on this government.

In March 2005, it seems to me that the decision made on March 15 by a provincial court judge that the Ontario lottery corporation—the judge stated that the lottery corporation ought to be, and in fact was, aware of perhaps unscrupulous practices of a very small number of retailers—but unscrupulous—who were ripping off consumers, clients of the Ontario Lottery and Gaming Corp. Is it fair to say that a decision like that, which would have garnered considerable media, and in fact made international news, would have come to the Premier's attention?

Hon. Mr. Smitherman: I think I've already answered that. If you want to show me the media it garnered, I'll be in a better position to give you my personal take on whether it's seismic or not. But I would say that I've answered your question by saying, no, you're operating on a theory that doesn't bear up with real-world experience. But you don't want any of that. So I'd say no.

**Mr. Ferreira:** You're saying that the case of Mr. Edmonds would not have made it into the media briefing at all, despite these highly paid professionals on the Premier's staff?

Hon. Mr. Smitherman: Firstly, what I've said to you is, show me what you're talking about. You're conjuring up the image of—what?—a headline in the Wall Street Journal? Was that the international media?

**Mr. Ferreira:** There was considerable press coverage across Ontario; in fact, across all of Canada. I think that during one recent question period, my leader rhymed off a fairly lengthy list of media outlets that covered this story when it first broke more than two years ago now.

Hon. Mr. Smitherman: I think that on a daily basis, if you saw the line ministries with their communications function and the clippings package produced for each one, it is not a reasonable assertion or expectation that every one of these items—which are, of course, very important to some people—is going to be brought to the attention of the leader. That's not a reasonable expectation, I would say. That is why we have cabinet government. Indeed, in this case it was even further removed, given the responsibilities that an agency has in the circumstances.

Mr. Ferreira: In response to one of my earlier questions, you answered that briefings are more comprehensive when the House is in session, due to the nature of the place—preparing for question period. Back in March 2005, the House was sitting at that time. Can we not expect, then, that that briefing would have been as comprehensive as possible?

**Hon. Mr. Smitherman:** Firstly, I never used the word "comprehensive." You offered that. I said "more often." That's different.

Mr. Ferreira: But still daily.

Hon. Mr. Smitherman: But I might say that through that period, I rather expect that I had the privilege of

serving as Acting Premier, which meant I was given a daily briefing. I can offer you the complete assurance that this is not an item that was ever brought to my attention through the course of briefing for daily question period performance. I would have to go back and confirm that I served in that role during that time period, but, as an example, no, this is not an issue I had been apprised of in any of those circumstances, working from the general foundation of the same information for briefing purposes.

Mr. Ferreira: Fair enough. Within the organizational chart and the structure, whose decision would it be whether something like this gets widespread media coverage or not, whether something like this, such as the case of Mr. Edmonds, gets to the Premier or, to use your example, the Deputy Premier, the Minister of Health?

Hon. Mr. Smitherman: I think you're not grasping one point about it. You say "decision" with the idea that someone woke up in the morning, took a look across the whole gamut of government, at all the news that day, and decided what's in. That's not what I've suggested is the way that it works. These issues percolate their way up. Accordingly, people have to make a determination, based on the information that comes to them and that is available to them, as to what information would be advanced further.

**Mr. Ferreira:** In what format does that information come to the Premier?

Hon. Mr. Smitherman: It depends on the circumstance. For example, If I'm on my way in to do a regional media event, then my press secretary or whoever's with me might whisper two or three issues of the day and give me the two or three lines in response. On another occasion, I might have the opportunity to gain the advantage of a ministry briefing note. It really does depend very much on the individual circumstances.

**Mr. Ferreira:** In the case of a Premier preparing for question period that day, would he get a different style of briefing, a written briefing of some kind?

Hon. Mr. Smitherman: I think it's important to keep in mind that very, very often—and one only has to witness the performance of Premiers over time—they have a whole bunch of other members who are part of their cabinet. So on some issues, determination might be as simple as concluding that any question that comes on a particular subject—especially something that's really an operational matter of an agency. The example that you're turning on here is a very, very prime example of the kind of question that, if I'm in the privileged role of being Acting Premier, there's very, very little instinct on my part to be involved in that at all, so it is much more likely in many of these circumstances that it would be delegated to the responsible minister.

Mr. Ferreira: Again, I want to go back to an instance where the Premier is in the House preparing for question period, whether it's in the morning or early afternoon. Does he receive a written briefing package—a package of notes, a package of clippings, a package of recommendations? Is that document given to the Premier in an instance where the House is sitting that day?

Hon. Mr. Smitherman: I don't believe that there's ever a transfer of a book or a document to the Premier, except at the point that the Premier goes into question period. I haven't sat with him for his preparation. Obviously, most ministers are relying upon issue briefing books—and there are a wide variety. Some of my colleagues would have 70 or 80 issues in those. My book, today, as an example, had four, and I got questions on none of them, unfortunately.

Mr. Ferreira: There were issues that were more top of mind for the opposition today, as we might all understand.

Are these briefing notebooks that are given to the Premier and other cabinet ministers available for tabling?

**Hon. Mr. Smitherman:** I'm not sure. Mr. Dean might be able to tell us better what the issues are with respect to seeking those—the FOI process, perhaps.

Mr. Dean: Let us get back to you on that. We'll look into it. We're trying to bring a spirit of openness and transparency. We'll get as much information to you as we possibly can.

Mr. Ferreira: Sure. I think we all strive for that. Would you be able to come back and tell us if briefing books from that period in time, March 2005, are available and how we may be able to access them?

Hon. Mr. Smitherman: No. We can get back to you on what the process is for seeking out a book, but the book is not, at least, as best as I know—you don't do the book for one day and file it. It's evolutionary—issues in, issues out, and they're moving around all the time. Today, my book has four; sometimes it has eight. Tomorrow's book won't be the same as today's, and today's evolves into tomorrow's.

1730

**Mr. Ferreira:** And material that's removed hits the shredders, or what happens?

Hon. Mr. Smitherman: I think the way the world works is when you have this much information that's possible—the orbit of government is this big—you're seeking as best as you can to limit the field down to the things that I call front burner.

In my responsibilities, there might be 300 things going on in the ministry that could be devil me or keep me awake at night, but it's likely that it's going to be a relatively small number of them that are there on the front burner. I might say, generally speaking, it's rather predictable what those are.

**Mr. Ferreira:** So in a case such as the case of Mr. Edmonds, someone would have made a decision, then, that this would not have been a front-burner issue?

Hon. Mr. Smitherman: No, I think I've answered this question to say why that's not the case. Firstly, you've misinformed, I think, so I'll give you an opportunity to correct that. You're talking about a period—March 2005, and the House was in session—but the media reports related to this, as I've been informed, didn't come until the summer, in August 2005.

Mr. Ferreira: Actually, March 15, 2005; it made headlines that day.

Hon. Mr. Smitherman: So the issue that I go back to is what I call the percolating up factor. I think you want to pretend that some one person has got one operation in their orbit—hundreds and hundreds and hundreds of issues across the purview of government—and then they decide which ones you get told about. No, it's not that way.

It's more a process of elimination. You could read the papers in the morning and figure out, by and large, where you want to spend your opposition energy, while I can read the same paper and conclude the areas where you're most likely to be asking me questions. That's what I'm going to focus in on, and that tends to be a very narrow number of issues overall.

Again, please keep in mind that in my role as Acting Premier or in the Premier's role as Premier, he doesn't need to be an instant expert and knowledgeable on every subject matter because he has a whole team in the form of a cabinet to whom he has the privilege of delegating questions.

**Mr. Ferreira:** In the process of scanning and preparing briefing notes and what not, who oversees that process within the staff complement in the Premier's office? Is it the director of communications?

**Hon. Mr. Smitherman:** The responsible person for that operation is Aaron Lazarus. He's from issues management.

**Mr. Ferreira:** Is Mr. Lazarus within the communications portfolio in the Premier's office?

**Hon. Mr. Smitherman:** I think that the issues management function is considered distinct from that.

**Mr. Ferreira:** It's actually interesting that you mention Mr. Lazarus's name. I'll have some questions about him later on. We'll look forward to those.

My institutional memory is failing me here. Who was the chief of staff back in early 2005?

**Hon. Mr. Smitherman:** I don't have the service dates but my memory tells me that it was Don Guy.

**Mr. Ferreira:** I see. In the course of his daily duties, is Mr. Guy involved in decisions in terms of what the Premier gets briefed on and what he doesn't?

Hon. Mr. Smitherman: I wouldn't think so, except perhaps in some extraordinary circumstances. This is the matter of the government that I spoke about before, which is, everyone has their job and responsibilities and goes about it. In this operation, the issues manager is the person who has primary responsibility around that.

Is that to say that there's an issue on an individual's plate and they might want to ask a question or get some guidance? Of course; there is any realm of opportunity in those cases.

Mr. Ferreira: Explain to me how this works. Perhaps, like many of those in the room, I watch the West Wing. But does the chief of staff meet on a daily basis with the managers responsible for communications, for policy development? How does that work? How often do they meet?

**Hon. Mr. Smitherman:** I'm not sure that they have any formalized meetings.

**Mr. Ferreira:** There's no structure for even weekly meetings between the line managers and the chief of staff in the Premier's office?

**Hon. Mr. Smitherman:** Oh, I'm sorry. I thought—now it's weekly meetings, but—

Mr. Ferreira: Or daily. How often do they meet?

Hon. Mr. Smitherman: Who is the "they"?

Mr. Ferreira: The chief of staff with the managers underneath him: communications, policy—

Hon. Mr. Smitherman: I could endeavour to find out how often there are staff meetings—your question is, how often are there staff meetings in the Premier's office? I'll be happy to get you an answer on that. There is not a daily staff meeting in the Premier's office, to the best of my knowledge.

Mr. Ferreira: Any insights from our other two witnesses?

**Mr. Dean:** Sure. There is normally—again, I'll talk about my experience in working with a number of governments. There tends to be a morning meeting that has been used for a number of purposes, but generally—

Mr. Ferreira: Sorry, who takes part in those morning meetings?

Mr. Dean: Senior officials from the cabinet office and the Premier's office.

Mr. Ferreira: Job titles? Who normally is assigned to be in those meetings?

Mr. Dean: In some cases, the chief of staff, but certainly the department heads in the Cabinet Office and the political side.

**Mr.** Ferreira: And that would include the top communications person?

Mr. Dean: It would, in some cases, yes.

**Mr. Ferreira:** When did Mr. Guy leave the Premier's office?

**Hon. Mr. Smitherman:** I don't have that date. Do you have that?

**Mr. Dean:** I think I may. He would have left on or around the beginning of July 2006.

**Mr. Ferreira:** When did he receive his last paycheque for work conducted for the Premier's office?

Mr. Dean: I'm not sure of that, but I can endeavour to find that out.

**Mr. Ferreira:** Great, if you could come back. I understand he's now working for the firm Pollara. To the best of your knowledge, have they received any work, contracts from the Premier's office since he left in July 2006?

Hon. Mr. Smitherman: I don't have that information at hand. As one of Canada's larger corporations in their field of work, it's a prospect, for sure. We can check and see what information is available.

**Mr. Ferreira:** The salaries and wages line, just to make sure I'm clear—that is strictly for full-time or permanent employees of the Premier's office?

Hon. Mr. Smitherman: Just in answer to your previous question, the Premier's office has no consulting contract relationships. We have to be mindful, as well, that anyone who leaves government employment has

limitations, and also transparency associated with salary in the form of the sunshine list.

Mr. Ferreira: Yes. So when we look at the line here, "services," the estimates for 2007-08, \$121,600: What exactly defines "services"? What kind of contracts, what kind of agreements?

Hon. Mr. Smitherman: Shellev?

Ms. Gibson: If you're speaking specifically about contracts, there aren't contracts in the Premier's office. "Services" for the Premier's office generally refers to expenditures, things like photocopier rentals, vehicle-related costs or things like repairs and maintenance to fax machines, copiers, various pieces of office equipment.

Mr. Ferreira: Sorry, that's not transportation and

communications?

**Ms. Gibson:** No. Transportation and communications generally refers to expenditures around cellphones or BlackBerrys, travelling expenses, telephones and voicemail.

**The Chair:** Thank you, Mr. Ferreira. That does conclude the 30 minutes.

Mr. Ferreira: I'll get more time.

The Chair: You do have a couple more rounds left to go.

Mr. Ferreira: Thank you, Mr. Chair.

The Chair: It is 20 to 6, Deputy Premier. You have 30 minutes of time. You have a couple of options here. You can use up 20 minutes now and 10 minutes when we reconvene tomorrow, if all parties consent; you could chop off your speech at whatever time you so chose; and if that's failing, then those remaining minutes are divided up among the committee equally; they basically go back into a pool. How would you like to proceed?

**Hon. Mr. Smitherman:** I've done that latter point before; I'm not making that mistake again. It'll be our inclination to take full advantage of all the time that has been allotted to us. So if I heard you right, Mr. Chair, that means we would conclude for 20 minutes, and when we

begin again—Thursday, is it?

The Chair: Yes. There have been some suggestions from members anxious to go to the Niagara reception that whatever time you leave today before 6 p.m., you will have the rest of your 30 minutes when we reconvene tomorrow.

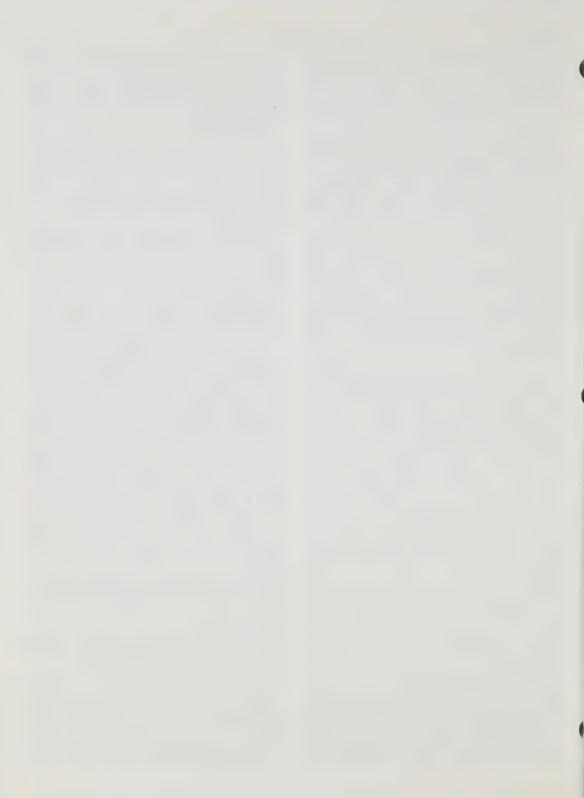
Hon. Mr. Smitherman: I'd like to go to the Niagara reception too. I'd be very happy if all members agree to adjourn at this point and start with a fresh 30-minute clock on our end—however you say that—when we rejoin here Thursday.

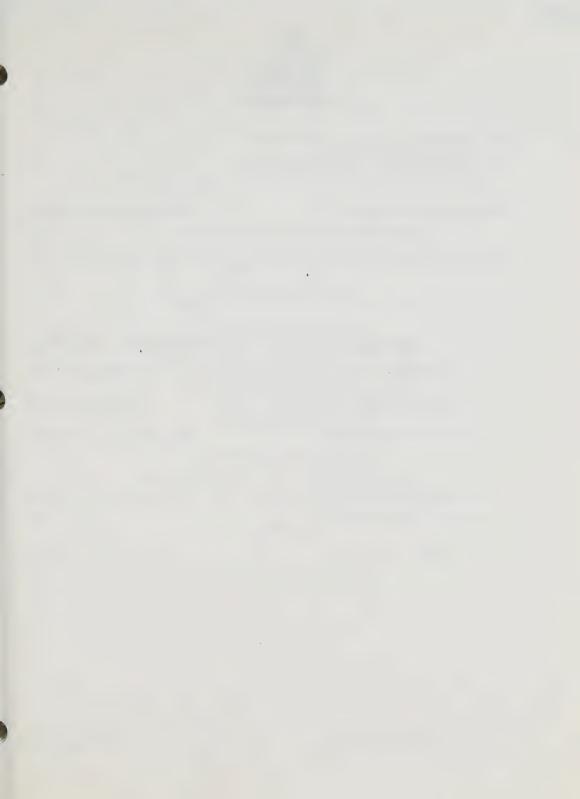
**The Chair:** The Deputy Premier does have 30 minutes. I will allow him to take that up next time if I have all members of the committee's support.

Mr. Patten: Good.

The Chair: All right. At this time, we will recess. We will reconvene tomorrow right after orders of the day for the Deputy Premier's 30 minutes for his responses. Thank you, folks; appreciate it. Thank you, Deputy Premier.

Hon. Mr. Smitherman: Thank you. *The committee adjourned at 1740.* 





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Mr. Jim Wilson (Simcoe-Grey PC)
Mr. David Zimmer (Willowdale L)

Substitutions / Membres remplaçants
Mrs. Christine Elliott (Whitby-Ajax PC)
Mr. Paul Ferreira (York South-Weston / York-Sud-Weston ND)
Mr. Richard Patten (Ottawa Centre / Ottawa-Centre L)
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# Official Report of Debates (Hansard)

Wednesday 25 April 2007

Standing committee on estimates

Office of the Premier

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

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Mercredi 25 avril 2007

Comité permanent des budgets des dépenses

Cabinet du premier ministre

Chair: Tim Hudak Clerk: Katch Koch Président : Tim Hudak Greffier : Katch Koch

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

# ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO COMITÉ PERMANENT DES

### STANDING COMMITTEE ON ESTIMATES

### BUDGETS DES DÉPENSES

Wednesday 25 April 2007

Mercredi 25 avril 2007

The committee met at 1608 in room 228.

#### OFFICE OF THE PREMIER

The Chair (Mr. Tim Hudak): Thank you, folks. We're going to call to order the standing committee on estimates. We are resuming the consideration of the estimates of the Office of the Premier. We have a total of six hours and 24 minutes remaining. As you'll remember, those who are tuning in for the second day in a row, we last left on the cliffhanger: The Deputy Premier was about to make his remarks. Deputy Premier, I will remind you that you have 30 minutes of time to use up in your responses to the members' questions.

Hon. George Smitherman (Deputy Premier, Minister of Health and Long-Term Care): I think, Mr. Chair, our determination is that we'll allow government members to start on a 30-minute round of questioning.

**The Chair:** You want to use that 30 minutes for Q&A for the government members?

Hon. Mr. Smitherman: Yes, just for questions and answers.

**The Chair:** Go ahead. Mrs. Jeffrey, you have 30 minutes of time to use up. If the Deputy Premier wants to do questions and answers, go right ahead.

Mrs. Linda Jeffrey (Brampton Centre): Thank you. Minister, yesterday Mr. Ferreira was asking some questions and I was listening, but this question didn't occur to me until today. He was asking some questions about March 15 and about question period and the preparation that the Premier would have gone through on March 15. Obviously, we know that ministers and the Premier receive question period briefings when the Legislature is sitting, but it occurred to me that on March 15, probably we weren't sitting in session. Usually around that time it is March break or constituency week. I don't recall if the Legislature was in session that day and why that was important. Do you happen to recall if we were in session?

Hon. Mr. Smitherman: Since yesterday, I went and took a look back at the issue: Why had March—what was this theory that was being advanced yesterday? Best as I could tell was that on March 15 the whole world stopped because there were international news media reports about this situation with Mr. Edmonds. The circumstances upon examination seem a little bit different.

No, the House wasn't sitting on March 15. Indeed, it was about two weeks later on March 29 that the House

resumed. But I thought that because there was so much focus yesterday on this subject of how explosive this news story was and how that most certainly must have obtained a lot of attention from everybody, it would be appropriate to go back and look at some of the issues that were raised when the Legislature did resume.

Mrs. Jeffrey: Thank you. Mr. Chair, based on Mr. Ferreira's questions, and because he's new and because although I've been here three years I don't always know what the Premier would be briefed on, I wondered self-ishly about Brampton.

Knowing that I've dragged the Premier out to come and look at our new hospital, the 608-bed hospital that's being built—and it's very, very close to completion. When I brought him out, we were looking at the building and it was half-constructed, and it reminded methinking back to the preparation. What kind of preparation would a Premier or a minister have—particularly the Premier-prior to going to this event? Because he seemed to be really knowledgeable. Would he get a briefing on something like that when he comes out? He sees so many facilities, so many parts of the province where there's a health care facility. Is there some kind of education that occurs to him beforehand with regard to local issues and what kinds of controversies may be brewing in that community that would be brought to his attention prior to going on a visit?

Hon. Mr. Smitherman: I'd say it's a couple of things. Obviously, when your government is involved in the construction of a 608-bed hospital, you feel it. Everybody knows it. In fact, I just had the privilege of a conversation in the hallway with some of Mr. Ferreira's constituents in the area where I was—

Mr. Paul Ferreira (York South-Weston): Mr. Sergio's constituents.

**Hon. Mr. Smitherman:** Oh, okay. Sorry—in the catchment area of the Humber River Regional Hospital, where I was born, who have a strong interest in seeing the development, indeed, of a similar scale hospital.

So the Premier's coming to Brampton: Obviously he has been to Brampton before, so he's going to be looking to have an update on files that he might have heard about before and to build on those.

I would say that in the case of the Brampton community, I'm not sure about the nature of the Premier's preparation, but of course there would be an effort to bring to his attention a level of awareness on those issues,

especially those most likely to be raised by the people he's meeting with or raised by the media that are going to be in a position to ask questions of him.

Mrs. Jeffrey: Thank you. The Chair: Ms. Smith.

Ms. Monique M. Smith (Nipissing): Thank you, Mr. Chair. Deputy Premier, we were talking a lot yesterday about March 15, 2005. You mentioned, I think, in one of your responses, how the Ontario government is a \$90-billion organization and we have over 60,000 employees. I know that doesn't even begin to cover the various boards, agencies and commissions. I sit on the government agencies committee, and we've just finished reviewing six different agencies, and there are thousands of employees within the six that we looked at, and those are arm's-length government agencies. We haven't even started to talk about transfer payment agencies like hospitals, school boards and children's services providers.

You talked a little bit yesterday about how the Premier's office could not be expected to micromanage every single item or issue that arises in the newspaper on any given day, especially when you look at the context of 60,000 employees in direct government service and then all of the others in the various agencies, boards, commissions and transfer payment agencies. I am just wondering if you could put a little context around March 15 and what other issues may have been on the boilerplate or in the news on March 15, 2005. I think you said in response to Ms. Jeffrey, although I was just grabbing my Diet Coke, so I'm not 100% sure I got the answer, that we weren't sitting on March 15, 2005. I apologize, but if you could just clarify that and, if you do know whether or not we were sitting on the 15th, what other issues were out there.

Hon. Mr. Smitherman: Actually, what we did do was take a look at when the House resumed, March 29, and we saw that the seismic international event that was mentioned yesterday wasn't so seismic that it became a priority for any question in the Ontario Legislature related to the circumstances of Mr. Edmonds, which go back of course to July 27, 2001. I looked at the issues that the New Democrats, as an example, were bringing to the House at that time. There were focuses on health care and education funding, on child poverty, on card-based certification, on tuition, issues related to the city of Hamilton; for the Conservatives, on financial matters, hospital funding, the greenbelt, the budget, teacher contracts and the like. So I thought that I'd missed this story with international, global reach that was referenced yesterday by the member from the New Democratic Party, but it was odd that this story that had this seismic international context took 18 months before it made it to the floor of the Legislature.

The thing that seems to have triggered its arrival on the floor of the Legislature, I say as a point open to correction, if people would agree, is that as a minister and in the presence of several who have had the privilege as well of serving as a minister, if an issue that is related to you has made it on to The Fifth Estate, there is a reasonable prospect for a question the next day in question period. I've been around a while, and that's exactly the scenario that unfolded. So it did seem to run a little counter to the storyline that we were onto yesterday. To the best of the information that I've had available, Mr. Ferreira's international news story first was raised in the Ontario Legislature 18 months after this modest media coverage that occurred.

The other thing is that if you look at the media coverage that came out at that time, I think one of the stories even referred to it as a kind of a—I don't want to paraphrase here—happy circumstance in the sense that it was about some settlement having been reached. I'll stop there.

Ms. Smith: Maybe I could just follow up on that. When Mr. Ferreira was speaking yesterday, he talked about "international headlines"—I think that's where we're getting the notion that this was such a big story. When he went further in'his discussion, at one point he said that there were stories in Ontario media and some national media, but I don't remember him ever referencing any international media, even though there was a reference to international headlines. I don't know if you had an opportunity, when you were looking at the circumstances around March 15, but you did refer just now to some media coverage. Did you see any international headlines? Were there newspapers outside of Ontario or Canada that were covering this story that you're aware of?

Hon. Mr. Smitherman: Well, we searched USA Today and the Wall Street Journal and the Washington Post and the New York—no, I still haven't seen evidence of this big breaking international news story that I heard about yesterday, but perhaps we'll have an opportunity yet to hear about that.

Mr. John Wilkinson (Perth-Middlesex): Thank you, Deputy Premier, for coming in.

Hon. Mr. Smitherman: My pleasure.

**Mr. Wilkinson:** Welcome to the Premier's staff and Cabinet Office to help us wade through this. We appreciate it.

My background is as a certified financial planner, so I kind of enjoy looking at numbers. I'm just trying to look at the overall budget of the Office of the Premier and compare the current government versus the previous government. Something really stands out for me, and I'm just trying to get a handle on this. For example, in the year 2001-02, there was an estimate that was brought before this Legislature to spend some \$3.2 million. Some \$2.9 million was spent. They came in at only 91% of budget, which seems pretty prudent. But then the next year, 2002-03—and I remember that year distinctly—there was some \$3.1 million in estimates and the expenditure of some \$3.8 million—\$728,000 more from the taxpavers of Ontario. That's 23% over budget. But then in 2003-04. which is the transition year, there was roughly \$3.1 million budgeted and almost \$5.4 million spent. That is 76%

I see from the material that I have here that there were members in the Premier's office supporting the Premier—not public servants, I might add, but his political staff—who were still on the payroll of the previous government after the fall of that government. That makes me think that perhaps there were some people who had a deal that if they lost their job, they would continue to be on the payroll. I was wondering if you could give me some explanation of that.

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Hon. Mr. Smitherman: I can say three things. Firstly, one of the things I had a chance to note yesterday when I first spoke was that I think it's a good sign—I take it as a good sign—that the printed estimates for the Premier's office for this fiscal year of \$2,956,000 continue to be extraordinarily below actuals achieved in the final years of the Conservatives being in government. So I think we've made good progress there.

The other thing we've got to keep in mind, to answer this question about why the overspend was so enormous and why political staff of the previous administration remained there lingering as cost centres and appearing on sunshine lists, is that it was related to the separation benefits that had been, I guess, negotiated on their part. I'm not sure what of this information it is possible to bring to the public domain beyond that which appears on the sunshine list, but perhaps it would be appropriate for Mr. Dean or for Shelley to offer us just a little bit more information about that.

Mr. Tony Dean: I think that's for the most part correct. Any additional information about severance payments or other compensation associated with those individuals could only be disclosed with their permission, so I don't think we're in a position to give you any more information about that. But certainly there is a distinction made between compensation and severance payments on conclusion or termination. Indeed, in some cases, people may elect to spread that compensation over more than one fiscal year.

Mr. Wilkinson: I respect that we need to talk about the things that are in the public domain, but my review of the sunshine list that we have in this province for 2004 shows that the chief of staff of the former government had a public sector salary disclosure of some \$179,000. Is that correct?

Mr. Dean: I haven't looked at the information, but that is not inconsistent with my recollection. If that is the case, that would reflect a splitting compensation between the two fiscal years.

Mr. Wilkinson: We appreciate that, Secretary.

Moving forward, then, and just following up, Deputy Premier, about the years that I know our government has been in charge of prudently looking after the taxpayers' money, I see that in 2004-05, which would be our first full fiscal year in government, we estimated we would spend \$3,059,884, and we actually spent \$3,026,973. That would be a savings of some 1%. Then in the next year, 2005-06—of course, we were busy trying to slay that deficit we inherited—we had estimates that were lower, only \$2,959,884, and we only spent \$2,870,041 in the office. That is 3% below budget. As someone with

my background, I am particularly happy to see that. Then I see in the year that just ended, on March 31, the amount we estimated and the amount we spent were identical, with zero difference.

My question for the Deputy Premier or perhaps for the secretary: We're in a new environment now with the passage of the Fiscal Transparency and Accountability Act, if I recall, and the need for the Auditor General to comment on the report that was just released by the Minister of Finance, the Honourable Greg Sorbara. So could you answer this question: Does this statement, which is to look at all the government expenditures—would the budget of the Office of the Premier of Ontario be caught in that? Are you part of that full disclosure to the voters and taxpayers of Ontario?

Mr. Dean: The Auditor General is required to look at all spending and the entire budget in the context of public accounts. So absolutely, yes, he would have oversight of this and offer opinions if he thought that anything was out of line.

Mr. Wilkinson: That's right: He is to comment. With your breadth of experience as Secretary of Cabinet, do you feel that the new form of accountability is—I suppose there would be some money involved, or would that be absorbed by the budget of the auditor to do this new work for the people of Ontario? Is that an onerous fiscal burden for us to be able to do that? I'm assuming we had to have audited statements on March 31 anyway.

Mr. Dean: Yes. If we take a step back, I think it's important to say that over the last two or three years, there has been somewhat of a shift, a very considerable shift, in fiscal transparency and accountability. If I can just point to two or three things: Of course, the Fiscal Transparency and Accountability Act for the first time actually fulfilled one of the recommendations of the former Provincial Auditor, Erik Peters, in which he urged much greater accountability and fiscal discipline and open government. You'll know that this week, one of the key requirements or recommendations of the former auditor under the new act was the preparation of a preelection report, so we have that. That was actually tabled this past Monday, on April 23. That provides, certainly in my perception and recollection, an unprecedented degree of transparency right across the system. The AG is now asked to provide an opinion on the reasonableness of the entire budget based on the economic forecasts used, estimates of revenues and expenses, and the ratio of debt to GDP. In addition to that, once these layers of transparency are required, the executive council, of course, has to plan for a balanced budget unless there are extraordinary circumstances, and clearly that's something that's happening in central agencies and the Premier's office. Maintaining debt-to-GDP ratios are important, obviously, and a multi-year fiscal plan in the budget has to be laid before the assembly.

We see some other features that we haven't seen around here for a while: the requirement for a mid-year review, which is, again, without precedent in Ontario. At the two-year mark, between the now fixed elections,

there must be a description of the key issues that must be addressed in the next budget. That, of course, is provided in the form of an economic statement. There you see information about the estimated costs of expenditures that are made through the tax system and details about how people can access budget information.

So there is a considerable degree of transparency and accountability, and we actually have embraced that. I have to say that I'm very proud of the public service in terms of its success in inviting greater transparency and accountability and in working very closely with the auditor and his office to achieve that. I can go on, there's much more to talk about, but I think that probably covers your question.

Mr. Wilkinson: Thank you, Secretary. I appreciate that.

Chair, how much time do we have?

The Chair: You have 10 minutes left.

Mr. Wilkinson: About 10 minutes. Great. Thank you. Again, I am particularly heartened to see that though this is an election year, there has not been an attempt through estimates to beef up the office and that you are continuing to use prudence in the spending of the public's money in the Office of the Premier and that there's a consistency and a discipline there that perhaps in the past has been lacking and there's less of a cyclical nature of that. I would agree with you: I think it is the new FTAA rules, the new fiscal transfer and accountability, that drive that. In my own personal opinion, talking to many people in the civil service as I have to interact with them because at the moment I happen to be on the government side and dealing with my colleagues at the Ministry of Research and Innovation and, prior to that, the Ministry of the Environment, I think they seem to be much more comfortable knowing that there is this overarching principle that now has been enshrined in law that ensures that there is this transparency. 1630

One of the questions that I was bedevilled with at the time I was seeking office was about the number of consultants that had been hired. There were many consultants hired through the Office of the Premier by the previous government. I know we had much discussion about that in that last election. My question is: Have we reduced the amount of spending in real terms on consultants through the Office of the Premier? Have there been savings found by that? My own cursory research of this shows that there was some \$225 million that used to be spent on consultants that isn't now.

Hon. Mr. Smitherman: If I'm not getting at your question properly, I know that you'll re-pose it. On a government-wide perspective, of course, one of the things that we campaigned on before the last election was efforts to reduce the dependence on consultants. If I could use an example from my very own ministry: The Smart Systems for Health Agency was an organization that's required to provide ongoing, stable leadership in the development of health care information technology infrastructure, but most of the people who worked there

were being paid as consultants. I'm not sure if that was a strategy to keep people off-book in terms of being part and parcel of the Ontario public sector, but we did make initiatives in that area. I believe that in the Smart Systems case, we do that in a fashion that reduces our overall compensation costs associated with it. That strategy was one piece of about \$700 million or \$800 million of savings and efficiencies that have been made across the government landscape.

In my own ministry, with very striking leadership from the Premier's office and as a government-wide focus, we've sought to carve about 10% out of our administrative costs in the Ministry of Health. So these strategies are part and parcel of an effort to try to make sure that the programs we believe in have the resources available and that we spend as little as possible on the administration of government.

Mr. Wilkinson: My comment would be, and I'm sure that the members opposite who have been in government—I know Mr. Wilson and Mr. Hudak are here. I think we who come from a business background struggle with government trying—if we come from business, we're used to operating at the speed of business, the efficiency, the productivity of business. I know my friend Mr. Flynn would agree. Then we come to government, which I think is, by nature, somewhat a more cumbersome process. It's harder for them to embrace what the marketplace embraces in business, which then allows us to have those efficiencies without cutting people but instead just getting more efficiency from the people we have

I'd be interested in the secretary giving some comment about your own personal experience, about how we face that challenge of embracing the modern business tools which are used every day in business and actually getting those productivity tools within government so that we can be more efficient and deliver better government.

Mr. Dean: That's a really tremendous question, and I would be delighted to talk to you about that. We of course are around 63,000 in number right now in the Ontario public service, down from over 80,000 in the mid-1990s. We try to, and have tried to, do the very best job we can to provide value for money to the public with those 60,000-odd people.

One of the ways we've done that is to look at our entire organization—I tend to think of it, for business purposes, as a professional services organization. We've looked at the fundamental drivers of modern public sector or business organizations and identified several key features.

The first one is moving to an enterprise approach, moving away from thinking about 27 ministries as islands unto themselves and starting to think about the Ontario public service as an enterprise, as a corporation. We'd like our employees to think that way, and certainly we've started to organize our services that way. We're moving counters that were previously at ministry locations to central OPS counters; we call it Service-Ontario. It means that we're providing one-window ser-

vices to the public—very, very important, an absolutely critical service improvement by lining up ministries behind common counters. We're actually going one step further and we're inviting the federal government and municipal government to line up behind those counters as well. I'd invite members of the committee to visit the ServiceOntario centre in Ottawa, which now houses staff and services from the federal, provincial and municipal governments and provides in one location 150-plus services that previously were only available in separate locations.

We're also using electronic service delivery—very, very important. About 70% of our services now are accessed online. When we put services on line, public satisfaction skyrockets way up, into the 90% range. We want to keep driving that satisfaction, of course, so we're trying to get as much online as we possibly can. It's by using online services that we were able to tackle a huge brand vulnerability for the corporation, which was the big backlog in birth certificates. As you'll now know, we're providing a 15-day money-back guarantee for birth certificates when accessed online. Since 2005, half a million online applications, a 99.75% success rate in meeting that 15-day standard or in fact beating it. The only complaints, by the way, that we have from the public are from those people who will occasionally e-mail or phone and say, "We were hoping that the birth certificate arrived on day 16 because we'd have got our money back." In fact, it arrived on day 7 or 8. That's the kind of complaint that public service organizations want and need: that we delivered the service too quickly.

We're doing exactly the same thing in lining up our internal services. We don't need to duplicate the same financial processing services in 27 places in the Ontario government; we can do that sensibly in a shared services organization. We can increase efficiency, increase standardization of service and, importantly, drive down costs. We are driving down costs, and it's by doing that in the shared services area and in the IT area that we've contributed to this \$800 million in ongoing savings in the OPS, which by the way has not been replicated in any other part of the broader public sector, to my knowledge. It's a tremendous achievement, and it's another testament to two things: (1) how hard our managers and staff work to find efficiencies and value for money; and (2) the leadership that the political administration brings. Because, of course, you can't make these huge breakthroughs in service delivery without having leadership from the political side as well, and we've had that. So I am absolutely, tremendously excited and proud of some of these service breakthroughs.

We've got a longer way to go. We want to do better. We've got satisfaction right up in the 90% range for online services. Until I can come to a committee like this and say that the same satisfaction rates apply for people who are using telephone contact or other forms of access, the job will not be done. You will have gathered that I feel rather passionately about this. I've made this a personal priority of my time as cabinet secretary, and I'm

very fortunate that the Premier and Minister Phillips have made it a priority as well, because we are doing a far better job for the public than we have ever done, and I think as we improve services to the public, we do something that is of value to everybody in this room: We build public trust in public sector institutions and therefore in government. That's something we all share. It crosses political boundaries, and it's an area in which the public service and political administrations should and do work hand in hand.

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**The Chair:** Thank you, Mr. Dean, Mr. Wilkinson and Deputy Premier. That concludes that 30-minute segment.

We now go to our 20-minute segments for questions following the traditional rotation: the official opposition, the third party and then the government. So the official opposition and Mrs. Elliott—20 minutes.

Mrs. Christine Elliott (Whitby-Ajax): Deputy Premier, I'd like to go back, if I may, to some of the questions we asked yesterday, specifically around the March 2005 time frame with respect to the Edmonds settlement and so on, and just a general question, really, on the emerging issues aspect of the situation and how emerging issues typically are brought to the attention of the Premier's office. I know it can be in a variety of ways, but if you could just explain the process by which that typically happens.

Hon. Mr. Smitherman: I think the key point to this, building a little bit on what we spoke about yesterday, is that you've got to take stock of the operation that you're dealing with here, and you've got to be careful not to pretend and create a false impression. I'm not suggesting that you were, but it's a \$90-billion operation, with 63,000 employees in direct employment—OPS—and well above a million people overall through direct and indirect spending that evolves from that. In my own ministry—and Mr. Wilson knows this all too well—there are literally thousands of transfer payment organizations, each of which is capable on a daily basis of creating news, and sometimes challenging news, in their own locale. So obviously, there are a variety of levels where those things are appropriately dealt with.

In the case of my own ministry, as an example, a regional office that is evolving into a local health integration network office is going to be the first part of government that's there to try to address, deal with, be conscious of or aware of things that are going on. So obviously, when you think about where a Premier's office is in that kind of hierarchy, when you think about the fact that there are 60 people in total and a very small number of them overall who are operating in areas like issues management or communication, the number of issues that are top of mind or on the front burner, as I refer to them, is going to be relatively small compared to the overall orbit of issues out there.

We had a lot of questioning yesterday about March 15 and why the world didn't stop, and the question indeed is one well posed to the opposition parties, because no questions were raised for 18 months after that. But when

I had a chance to take a look at the stories—and I have to be very frank: I wasn't particularly familiar with this situation until I, like everyone else, attuned to this when the story broke on The Fifth Estate. But when I look at the story that ran in the National Post on March 18, it says, "A smiling Mr. Edmonds walked out of Superior Court in Toronto with his family but said little." In my past life as an assistant to politicians, that's not the kind of story that's going to cause me to think that it's worthy of particular elevation. It seemed actually like a story that, for the most part, had run its course, keeping in mind, of course, that it had been ongoing since July 27, 2001.

**Mrs. Elliott:** So just in a general sense, if I understand correctly, the issue would be identified in the ministry involved first. Is that correct?

Hon. Mr. Smitherman: I think even in my own ministry, if an issue was a local issue, it might be only the regional office or a local health integration network that's dealing with it. If people thought it was a big concern, they'd then let the branch or head office know. That's still within my ministry. In this circumstance, of course, we're dealing with an agency which is even further removed.

Mrs. Elliott: If it was identified and it got to, say, the minister's office, what would happen then? Are there meetings of issues managers for the various ministers? How would it then get from the minister's office to the Office of the Premier?

**Hon. Mr. Smitherman:** When I said that it got to the ministry, I'm talking about the OPS. When I say the ministry, I don't even mean a minister's office.

There is a tremendous range of issues that are coming forward and that are making it to the ministry that we're not informed of. I can remember a few circumstances where something has arisen as an issue that I've never heard of before and my staff have never heard of but that the ministry had awareness of.

I'll give you an example in fairly recent history: the letting of a contract to an organization in Cambridge that got a one-year contract to run the emergency room—a contract, by the way, that is at or near its conclusion. I was like, "What?" But there had been some awareness of that within the ministry for a period of time.

So I have to say, to be honest with you, that given the range of information that's there, it's very hard to lay down an ironclad rule that says, "This is the one that makes it further down the line," or what have you. People are exercising judgment about these things at a wide variety of points through this kind of hierarchy.

Mrs. Elliott: If it were identified within the ministry as being something that you should keep on top of, then what would happen to it? It gets to the minister's office, to the issues manager in the minister's office: How does that get communicated upwards from there? Are there meetings? Is it a phone call?

**Hon. Mr. Smitherman:** Again, I think a lot of this stuff is on a case-by-case basis, where people are asked to exercise a human judgment about what's really crucial for people to know about and what's part of just routine

business. Obviously, big organizations have got—you know, I've got 82 lawyers in the Ministry of Health, so obviously today, at a variety of courts in the province of Ontario, there are Ministry of Health lawyers there. I haven't a clue—I don't know about any of them specifically, but my judgment would be that that probably is the case.

The one process point that I do know about, in answer to your question, is that there are opportunities where issues managers would get together and would exchange information. I'm not aware of the frequency of those. I believe that the frequency of those we spoke about yesterday is very likely to be more often in circumstances when the Legislature is in session. Not to say that there are two seasons to the work that we do, but obviously the nature of daily question period does make for a certain focus.

Mrs. Elliott: If there are meetings, for example, that happen with whatever regularity they happen, is there an issues manager from the Office of the Premier that would be in attendance to pick up and be part of that judgment call about whether those issues should go forward?

Hon. Mr. Smitherman: Obviously, issues managers within ministries are doing the lion's share of their work within their own organizations and involved in that. But yes, I think there are circumstances where issues managers would come together, and issues management responsibility from central agencies would be part and parcel of that.

Mrs. Elliott: I understand that the Edmonds story was reported in the Globe and Mail, the Ottawa Citizen and the Toronto Sun—pretty wide circulation. Would you not expect it would be reasonable that a matter that obtained that kind of coverage would be brought forward in a meeting, and perhaps might even be the subject of a special meeting on its own?

Hon. Mr. Smitherman: No. I can say, with all appropriate respect to the circumstances of Mr. Edmondswhich the government and OLG themselves have been forthright in apologizing for—if you imagine for a second, putting yourself in the position of responsibility, that you're going to stop the presses and bring together everybody for some kind of klatch every time a matter of that level of urgency or prominence came forward, then what time would be properly left for governing? I didn't read all those stories, I must confess, so you can disabuse me of this if I'm wrong. But if you put on an issues manager hat, if you're reading a story—again, I referenced the one where it referred to a smiling Mr. Edmonds. If that played in every paper, but the nature of the story was, "Gosh almighty, a sad saga has come to an end. A gentleman who got screwed out of his ticket"—I'm sorry. who got seemingly robbed of his appropriate prize—"on July 27, 2001, has now met justice," that's a story to me that's run its course, not a story that's first emerging.

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That's why I think it's appropriate to acknowledge that we all—the collective wisdom of politicians, if you will, analyzing media, of course, is an important part of

determining where we focus our time and energy. No one raised this issue in the Ontario Legislature until they saw it on The Fifth Estate. So when you think about the few newspapers that you mentioned, yes, they have a lot of circulation, and then you have The Fifth Estate.

Mrs. Elliott: Do you have any idea whether those clippings were included in the package that the Premier's

office would have received?

Hon. Mr. Smitherman: No, I have no idea. I could speculate, if you wish, but I have no idea.

Mrs. Elliott: Actually, I was wondering if you could undertake to let us know if those stories were included in

the clippings.

Hon. Mr. Smitherman: To the very best of my knowledge, I don't know the capability to look back on that information from years and years ago, but we'll most certainly make a note of it and see if there is any opportunity to do that. My instinct, from being around, would be that that's not something that's around. It's sort of like the issue that I spoke about with my House book. One day's House book evolves to the next and you don't keep them around.

Mrs. Elliott: So if there is a package that you can identify, you'll provide us with a copy.

Hon. Mr. Smitherman: Sure.

Mrs. Elliott: Okay.

**Hon. Mr. Smitherman:** We've made a note of it and we'll see if there's any possibility to be of help to the committee.

**Mrs. Elliott:** Can you tell me who in the Premier's office is responsible for dealing with the ministers' offices in terms of issues management?

**Hon. Mr. Smitherman:** The person with the named responsibility for issues management in the Premier's office, as I mentioned at committee yesterday, is Aaron Lazarus.

Mrs. Elliott: So if the minister of infrastructure renewal had an issue that he or she wanted to raise, it would be Aaron Lazarus they would be in touch with?

Hon. Mr. Smitherman: I suppose if a minister had an issue to raise, depending on the nature of the issue, they might choose to raise that with a wide range of individuals. But I wouldn't know what the circumstances were, so it's kind of a speculative question. My instinct would be that most members, most ministers are not having so much direct involvement with the Premier's issues manager. I have a little bit more, particularly related to the responsibilities that I have as Deputy Premier in question period on particular days.

Mrs. Elliott: But if a minister had an issue that they did want to raise to the Premier's office, that would be

the correct channel to follow-

Hon. Mr. Smitherman: No, no. Again, I can't—it's a highly speculative question: the correct channel. It's not like when you arrive here, they say, "Well, this is the handbook and this is the flow of course." In the same world in which you operate—you operate on the basis of personal relationships. By and large, as I mentioned yesterday, we enjoy in our government the privilege of gov-

erning from the Premier, which I think people would convey in kind of an historic measurement as relatively arm's length. When I think about-I'm not trying to be pejorative, but when you look to the characterization of the current government in Ottawa, it's a government that has a reputation as kind of a closely controlled, command-and-control style of government, where everything goes through the Prime Minister's office and there is tight control. I believe that the model that is exercised here in Ontario has the Premier offering a greater degree of latitude, confidence and trust in ministers. This is most certainly what I've enjoyed as a Minister of Health, and my daily routine would not be to check in for guidance, approval or other matters with members of the Premier's staff, and most particularly not with the Premier's issues manager, all the respect that I have for him aside.

Mrs. Elliott: I can certainly understand that you'd want to be somewhat flexible in your ability to deal with these things and not be too controlled, but similarly, you don't want to be too ad hoc about it. How do you ensure that you don't miss anything, if that's the case, in terms of the way that you're saying it happens in a variety of ways, and some people might speak to some people and other people might speak to other people.

Hon. Mr. Smitherman: It's highly hit and miss. Issues management, I would argue from my long experience in politics, is one of the most imprecise parts of the whole machinery. You've got two or three complications: too much information, too few people and a tremendous range of human judgments about what matters and what doesn't.

But I go back to this: 18 months after those newspaper stories that you spoke about, parties in the Ontario Legislature stood in their places and spoke about it. So if your determination on March 29, when the House resumed, or the determination of your party, was that this wasn't an issue worthy of talking about in question period, there is a very strong sense that government made the same judgment. In other words, the opposition party influences, to a very great extent, the kind of information—you know, what you're prepared for. We all go through the same games: "Question period today, March 29: That wasn't an issue that was raised," but each day, we kind of think, "Okay, what might they be asking about?"

To the very best of my knowledge, which would have included a variety of briefings during that 18-month window for my responsibilities in the House, I was never briefed about this issue, and I saw no interest in it from opposition parties until it actually aired on The Fifth Estate. Then, of course, everybody is on to it.

The Chair: Mr. Wilson, you have three minutes left in this round.

Mr. Jim Wilson (Simcoe-Grey): Thank you, Mr. Chair. Minister, I wasn't here yesterday, and so I'm not exactly sure of the line of questioning, but you've had 24 hours now to talk to people in the Premier's office since Mrs. Elliott asked you yesterday about who knew what

and when and what they did about it. Can you enlighten the committee on what you've found in the last 24 hours?

Hon. Mr. Smitherman: I've made specific undertakings to Mrs. Elliott and to the Chair that—

Mr. Wilson: But you've had 24 hours. You can't play games. You knew exactly this was what the committee was trying to ask you. Did you talk to the Premier in the last 24 hours and say, "When did you actually know about this?"

Hon. Mr. Smitherman: No, of course not. No, I didn't.

**Mr. Wilson:** Why wouldn't you do that when you know the committee is trying to get—

Hon. Mr. Smitherman: With all due respect, you haven't done a particularly effective job so far of even drawing a link that—you showed no interest in this issue for 18 months, but you want to badger me into acknowledging—

Mr. Wilson: We-

**Hon. Mr. Smitherman:** No, excuse me. But you want to badger me into some false acknowledgement?

Mr. Wilson: I'm just asking you to do your job.

Hon. Mr. Smitherman: For 18 months, you didn't raise this issue in the Legislature—

Mr. Wilson: I'm just asking you to do your job.

The Chair: One at a time.

**Mr. Wilson:** I'm just asking you, Minister, to do your job. You know what the committee is trying to get at.

Hon. Mr. Smitherman: By the completion of estimates, Mr. Chair, on those items where we indicate to you that we're going to work to see what information is available, we most certainly will. That's in keeping with the way that I've done it with this committee before, and we'll do it in as thorough and as timely a fashion as we can, but certainly in recognition that we will have the privilege of being back before this committee for several days yet.

Mr. Wilson: I just can't believe, when it has been raised in the House many, many times and it is an issue that your government should have been seized with, that you can't by this time come to the committee and tell us who knew what, when and what they did about it.

**Hon. Mr. Smitherman:** You make the assertion that our government should have been seized with it, but in fact, sir, if you apply that judgment, why don't you apply it to your own party?

Mr. Wilson: Because we wouldn't have had briefings on this, inside briefings, directly from the OLG to the minister and directly to the Premier's office. We wouldn't have had those, so for all those months, we wouldn't know that.

The Chair: Gentlemen, as opposed to debate, I would like to conduct this as questions from the members of the committee and responses from the Deputy Premier or the delegation. I remind members as well to ensure that this pertains to the estimates that are before the committee. You need to demonstrate, Mr. Wilson, how this is connected to the estimates—

**Mr. Wilson:** Well, we're paying everyone's salary, and we'd like to know what they're doing on behalf of the taxpayers. As you know, Mr. Chair, in that case it's directly related to the estimates.

Hon. Mr. Smitherman: And I've been spending quite a bit of time, almost an hour in questioning from Mrs. Elliott, specifically on how the function of issues management works, and it's been interesting that the examination of that—and especially the fact that for 18 months after this international news story broke, neither of Ontario's opposition parties raised this in the Ontario Legislature, but meanwhile expect people to believe that the whole machinery of government was fixated on it. You haven't made that case.

**Mr. Wilson:** We haven't made the case because you haven't been forthcoming, and the Premier is not here to ask.

Hon. Mr. Smitherman: Maybe it is that you decided—

The Chair: Hold on, folks.

**Hon. Mr. Smitherman:** Maybe you think you should be able to manufacture evidence.

The Chair: Deputy Premier-

Mr. Wilson: We're just asking you, if the answer-

The Chair: Mr. Wilson, I've got the floor.

Ms. Smith: Mr. Chair, just on a point of procedure: I've sat in on this committee before, and when one of the deputants has undertaken to provide information, they've been given time to provide fulsome information. I think it's completely inappropriate for Mr. Wilson to be expecting that the Deputy Premier would respond within 24 hours of questions that he received yesterday from Mrs. Elliott. That's not the expectation of anyone else who has appeared before this committee. I've never been before this committee when we've required someone to respond within 24 hours. So I think Mr. Wilson's expectations are a little misplaced.

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The Chair: Thank you, Ms. Smith. The Chair has put no such expectation on the Deputy Premier to report back at today's committee. He has time to respond to these questions. If Mr. Wilson wants to ask the same question 100 times in a row, he's free to do so with his time.

Ms. Smith: Yes, but he shouldn't be berating the Deputy Premier.

The Chair: Let's be clear: The Deputy Premier has made the commitment to get these answers back to committee in the time for estimates. I appreciate that, and he'll respond in due course.

Mr. Wilson, you're down to about 30 seconds.

Mr. Wilson: Again, Minister, I just can't believe that you wouldn't have made those inquiries when you know that's the purpose of this committee in terms of the line of questioning here yesterday. If the answer is no, that no one absolutely knew anything, then you should tell us that.

Hon. Mr. Smitherman: The honourable member wants to take a look at the way that I responded. There were a variety of questions, some of which I indicated

that—the response I gave was an answer that indicated my instinct, to the best of my knowledge, and indicated that I would work to obtain any further information that might be available. That's what I'm doing, and I'm going to do that in a fashion that I made in a commitment to the committee vesterday.

The Chair: That does conclude this 20-minute round. I want to remind members that if there are interruptions on points of order and such, the clerk is watching the time to ensure that each party does get its whole 20 minutes of questions and answers.

We now move on to the third party. Mr. Ferreira, the floor is yours for 20 minutes.

Mr. Ferreira: I must say at the outset that I was impressed that over the past 24 hours, members of the government side took the effort to do some research to be able to answer some of the questions I posed yesterday, so I thank them for that and I thank the minister and the other two witnesses, Mr. Dean and Ms. Gibson, for endeavouring to undertake some of that.

Just for the record, it would appear that the House sat for nine days back in March 2005, and during that month, there were at least—we're talking about the print media—60 separate stories produced on the issue, but I'll go back to that a little bit later.

I think we're all here to determine if the public of Ontario is getting good value for the expenditures of the Premier's office and specifically the \$2.35 million called for in the 2007-08 estimates. I'm wondering if the Deputy Premier or one of the other two witnesses can tell us what portion of that money that's to be spent on salaries and wages goes towards issues management.

Hon. Mr. Smitherman: I'm not sure if you have a breakdown on that basis.

Ms. Shelley Gibson: Not specifically by issues management. I don't have that detailed information with me.

**Mr. Ferreira:** Is there any kind of breakdown on the salaries and wages for this year and the past number of years?

Ms. Gibson: No. Salaries and wages is a global budget in the Premier's office.

Mr. Ferreira: So there's no breakdown amongst departments---

**Ms. Gibson:** No, not by the individual departments.

**Mr. Ferreira:** Is there a way to obtain that information?

**Ms. Gibson:** I'm not sure. I could look into that and get back to you.

**Mr. Ferreira:** Okay. How many staff are employed in the issues management area?

Ms. Gibson: What I have done for the committee, and actually in response to the questions that you tabled yesterday—I wanted to get back to you specifically on the staff that are in the Premier's office so that you could see who is in the Premier's office and how many are in each of the units that were in question. So I can table for you the phone list I printed off the government website this morning so all members could have the same list.

Mr. Ferreira: It seems to me—61 people. It wouldn't seem like a huge undertaking to count 61 heads. Maybe Mr. Lazarus can answer how many people are in his department?

Ms. Gibson: I can certainly count from the list for you.

Hon. Mr. Smitherman: The information I can offer is that there are 61 staff in total and three that are focused on the function of issues management. The only information I have about salary would be if there is any disclosure on the sunshine list, but I think that would be a very hopeful circumstance for these three individuals.

Mr. Ferreira: The three include Mr. Lazarus?

Hon. Mr. Smitherman: Yes. He's the director.

Mr. Ferreira: He's going to have to ask for a larger department.

Has the number of heads in issues management changed over the course of the past three or four years, or has it been static?

Ms. Gibson: I'm sorry, I don't have information on that.

**Hon. Mr. Smitherman:** We can get you the answer to that, but I don't have it at hand. My instinct is that it has probably been at or around three most consistently. I couldn't imagine fewer people doing it.

Mr. Ferreira: Just for my benefit, what is the rest of the breakdown, if you've got that handy? Could you split up the units and tell us how many in each?

Ms. Gibson: There is a policy unit with seven staff; a unit that deals with human resources and public appointments that has approximately five staff in it; there is a member relations unit that has one staff member; there is the chief of staff's office; and the operations unit that has approximately 13 staff in it.

**Mr. Ferreira:** How many in the chief of staff's office? I don't think you gave us—that will leave, by my count, about 35 people.

Ms. Gibson: Nine, and I think I might have left off the communications unit. Sorry about that—14. Then, of course, there is the parliamentary assistant's office and the Premier's office proper, in terms of his direct support.

Mr. Ferreira: How many individuals in that—

**Ms. Gibson:** The parliamentary assistant's office has an executive assistant to the PA; and the Premier's direct support, three people.

**Mr. Ferreira:** What does that total give us, including the three in issues management?

Ms. Gibson: I didn't add them up in total, but it's close to-

**Mr. Ferreira:** Is it 56, 57? I might have missed three there. Again, we want to ensure that we're getting good value.

There were at least three people working in issues management in March 2005?

**Hon. Mr. Smitherman:** To the best of my knowledge, and we're going to work to confirm that for you.

**Mr. Ferreira:** I'm going to quote this from Mr. Dean yesterday. Just correct me if the quote is inaccurate. "At every ministry, there will be a scanning facility that

minimally will look at clips that you will probably see every day and look at emerging issues that may be in the media or that may be communicated by stakeholders or MPPs of any particular party, and they'll be assessed, and in some cases, given their relative magnitude, a note may be prepared for the Premier or for senior Premier's office staff." Did they capture that thought correctly in the transcript?

**Mr. Dean:** Just to clarify, I would say that at the ministry level a note or verbal report may be prepared for the minister. At the level of the Premier's office, Premier's issues staff may well prepare a note or advise their minister, the Premier, of issues of significant magnitude.

Mr. Ferreira: Would the Premier's office work in the same way as a ministry office?

Mr. Dean: Yes, for the most part.

**Mr. Ferreira:** In a case like this, where there are 60 separate stories, some of them carried on by newswires with international reach, and the House sitting nine days of the month, it would seem to me that it would be one of those that would be flagged, given the relative magnitude. Do you care to agree, disagree?

Hon. Mr. Smitherman: Well, I disagree, and I think you're in a curious spot to make such an assertion, since your party didn't raise it. If the order of magnitude was such as you're asserting, it should have awakened everyone and they should have stopped what they were doing and called folks together. One wonders why, in the hundreds of opportunities over 18 months when your party stood in the Ontario Legislature during question period, this issue was never raised, not once.

Mr. Ferreira: Minister, in your own ministry, and I realize you have one of the larger ministries of the government, if an issue came up—just in the print media; we're not talking about electronic media—60 times over a period of less than a month, would you expect to be briefed on that issue from your staff?

Hon. Mr. Smitherman: Firstly, sometimes a story comes up once; like when Eric Dowd or Jamie Wallace writes a story and then it appears in 14 or 16—so I count that once. Just so you know, Minister Wilson would have probably had the same kind of things. On the health front, there is so much information out there. Of the written word about health care in newspapers in Ontario, I probably read less than 1% of it, and I'm informed about some of it. But in the same way that I spoke about when you're travelling into an area or are likely to be involved in conversation with people who have come up, it's much more likely in that circumstance that you might find out a little bit more about it. But there are lots of opportunities every day in the Ontario Legislature for members to rise on issues which have been in the newspaper and which I certainly would have little or no knowledge of.

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Mr. Ferreira: With respect, we're talking about what the Premier's office knew or didn't know—

**Hon. Mr. Smitherman:** I think you asked me a health care question.

**Mr. Ferreira:** I asked you if, in your ministry, an issue came up that many times within a fairly condensed period of time, whether you as minister would have or would not have an expectation to be briefed on it.

**Hon. Mr. Smitherman:** What I can tell you is that I haven't looked at those 50 or 60. So if you want me to make an informed judgment, I'd need to go and do that.

Mr. Ferreira: I can give you the list.

Hon. Mr. Smitherman: If that's 20 of the same story, then I say not necessarily. I think it's a little bit difficult for me to speculate. I can tell you that during that 18-month window when the issue was not raised in the Legislature by any party, I had the privilege of being briefed in there—on I don't know how many, but on a number of occasions—for question period where I had the Premier's book, and until this issue arose on The Fifth Estate, it seems that I awoke to awareness of this issue at around the same time as you or your party.

**Mr. Ferreira:** Are you suggesting that unless the opposition asks a question or makes a statement about something in the Legislature, the government pretends it doesn't exist or doesn't consider it worthy of briefing?

Hon. Mr. Smitherman: No, to the contrary, but I have been very forthright in explaining to people who might not be used to dealing with the volume of information that's out there, not to pretend their way through this. A \$37.5-billion operation is what I have the privilege of running; the government of Ontario, a \$90-billion operation. I can assure you that there are more issues out there than there is time to manage those issues and, accordingly, there is obviously a funnelling of a hierarchy that's going to mean that relatively few of all of the plethora of issues that are out there are brought to the attention of people in senior roles.

Mr. Ferreira: I understand the immense size and complexity of certain ministries, but again we're talking about the Premier's office here, which has a reasonably modest number of staff, 60 or 61 staff, and a reasonably modest budget in the grand scheme of things, less than \$3 million in the estimates. That's what we're referring to. We have a department of three that is responsible for scanning media and emerging issues, and what you're saying is that an issue that generates a considerable amount of media within a fairly condensed period of time, that's not worthy of a briefing?

Hon. Mr. Smitherman: No, I didn't say that. Firstly, you yourself have just concluded that the complement of people dealing with this is relatively modest, and then you went on to assert that they do all of this scanning. But Mr. Dean has indicated to you that this is a primary responsibility of those who are out there at the ministerial level. What I'm saying is, it is not possible in the environments in which we operate to have a direct briefing on a daily basis or what have you on every issue that's out there. Sometimes it's your regional tour that picks up a range of issues that heretofore might not have been that popular down here at Queen's Park. I'm not saying no, it's not up to the opposition parties to do these things. I'm just saying if you want to be honest about it,

if you're running a 63,000-employee organization that has indirect employment of more than a million people, you're not going to know every issue—

Mr. Ferreira: Let's focus on the 61. The three in issues management, what are their daily tasks? What are they responsible for? What does Mr. Lazarus oversee exactly?

Hon. Mr. Smitherman: Mr. Lazarus's responsibilities are to make sure that the most pressing issues in the province of Ontario are brought to the attention of those in leadership roles and that issues—

Mr. Ferreira: And who would those in leadership roles be?

Hon. Mr. Smitherman: It's obvious-

Mr. Ferreira: How does this flow upwards towards—Hon. Mr. Smitherman: Like I said before, the circumstances with this are all about exercising appropriate judgment in the circumstances. You've got lots of different people who are involved in an operation, right from really the grassroots organization where something might have begun into regional offices of ministries into central bureaucracies of ministries, ministers' offices, into perhaps the issues management function in the Premier's office. It's a hierarchy, and I just assert to my friend—

Mr. Ferreira: In the case of Mr. Lazarus—we won't personalize it—the head of the issues management unit, whom does that person report to? I think it's a pretty clear-cut question. In the hierarchy of the Premier's office, whom does that person report to?

Hon. Mr. Smitherman: I'll certainly get you the answer to the direct report. I'm not sure.

Mr. Ferreira: Mr. Chair, I find it hard to believe that in an office structure of 61 people, I can't be told whom the head of issues management reports to.

**Hon. Mr. Smitherman:** Of course you can be told. I just thought it was appropriate—

Mr. Ferreira: You don't have that available?

Hon. Mr. Smitherman: Now I do, but I wouldn't want to-

Mr. Ferreira: Thank goodness that Mr. Lazarus is here.

Hon. Mr. Smitherman: Yes. Mr. Ferreira: Here, grab a chair.

Hon. Mr. Smitherman: The Premier's chief of staff is the-

Mr. Ferreira: The chief of staff?

Hon. Mr. Smitherman: Yes.

Mr. Ferreira: Okay. Just to refresh my memory, the chief of staff, back in March 2005 was—

Hon. Mr. Smitherman: I believe that was Don Guy.

Mr. Ferreira: Does that affect us?

The Chair: I don't think so.

Interjection: I might affect one of us.

Mr. Ferreira: How much time do we have left, Mr. hair?

The Chair: You have five minutes of time.

Mr. Ferreira: So we've learned that the head of issues management reports directly to Mr. Guy. Mr. Guy was the chief of staff, and chief of staff was Mr. Guy in

March of 2005. Mr. Guy left the employ of the Premier's office—when?

Mr. Dean: In July 2006.

**Mr. Ferreira:** Is it conceivable that the head of issues management would come to the chief of staff on a matter that had conjured up 60 print headlines, at least, and also electronic media? Is it possible that the chief of staff would have decided that's not worthy of the Premier's attention?

Hon. Mr. Smitherman: I think that if the opposition parties had concluded that the issue was not worthy of the Premier's attention, it's very likely that the issues manager, if he even knew about this at all, would have made the same conclusion. This was not an issue, by the very reaction of your party, that warranted that level of attention. In retrospect, you seek to create this impression, but you had 18 months of question period and took no advantage of it. So one must conclude that you also, your party, thought it was not worthy of this level of consideration. When we all watched The Fifth Estate, our views were reshaped, and many of us hearken back to that day: July 27, 2001.

**Mr. Ferreira:** I want to clarify. Are you saying that you are relying on the opposition to decide what the priorities of the province are?

Hon. Mr. Smitherman: I'm saying that the priorities of the province of Ontario are about the work that the Premier does on a proactive agenda to establish—

**Mr. Ferreira:** He wasn't very proactive in this case, Mr. Smitherman.

Hon. Mr. Smitherman: The least amount—the responsibilities of leadership are not to focus every ounce of attention on issues management. In fact, when I got to the Ministry of Health, I said that the more efficient we can be in issues management, the more capable we can be of driving an actual agenda forward. That's what our Premier has been doing. That's the work he's involved in. I would offer to you that if your party chose for 18 months not to raise this in question period, that's a very strong indication that it really did not reach the level you would like it to, in retrospect, have reached. Had you asked questions in that time period, your credibility for this line of questioning would probably be more powerful.

**Mr. Ferreira:** It seems to me quite likely that it would have reached the chief of staff if the issues management staff were doing their job and were giving the people of Ontario value for the money that they get paid.

Hon. Mr. Smitherman: I think that if people concluded, when they read a story in the Toronto Star on Friday, March 18, that said, "Mr. Edmonds and his family are glad to have this over with, said lawyer Alan Rachlin after the surprise announcement. It's been a three-and-a-half-year ordeal"—this is not the fodder of issues management excitement. And the evidence is the NDP question topics of the day: child poverty, labour legislation, tuition, city of Hamilton, health care and education funding. So I think it's appropriate to be as efficient in the distribution of one's time as they can and

focus on moving the agenda on behalf of Ontarians forward. That is the responsibility of the Premier and that's what he was engaged in at that time.

1720

Mr. Ferreira: For the record, there continued to be headlines on this case a week after that settlement was reached.

I want to get back to-

**Hon. Mr. Smitherman:** Did they start with words like "He's a winner at long last"?

The Chair: Again, it's not to engage in debate unless the member of committee chooses to do so. The minister or Deputy Premier responds to questions, Mr. Ferreira.

Mr. Ferreira: Thank you, Mr. Chair. Mr. Guy left the employ of the Premier's office—

Mr. Dean: Early July 2006.

Mr. Ferreira: And one of the questions that I asked yesterday, which I believe we are awaiting a response on, pertains to when he received his last paycheque for work he conducted for the office. Have we been able to—

Ms. Gibson: I'm looking into getting that answer.

Mr. Ferreira: All right. And he's now with the firm Polara. Has Polara received contracts from the government and, if so, which? I understand that the Premier's office cannot engage in contracts, but has Polara received government work since Mr. Guy left?

Ms. Smith: On a point of order, Mr. Chair: If Mr. Ferreira is conceding that the Premier's office cannot contract, then I don't understand how asking about contracts on estimates of the Premier's office—

Mr. Ferreira: I'm asking about other ministries.

Ms. Smith: We're discussing the estimates of the Premier's office.

The Chair: Again, I'll ask committee members to ensure that their line of questioning is related to the estimates before the committee. If you're asking about something in a broad context, please demonstrate how that is related to the matter.

Mr. Ferreira: Thank you, Mr. Chair, for the clarification.

I want to go back to the services line. We began to get answers on that. Can I get an answer as to which services, exactly, come under that expenditure?

Hon. Mr. Smitherman: Some of that was mentioned yesterday.

Mr. Ferreira: Yes.

Ms. Gibson: Just to reiterate what I mentioned yesterday in terms of the services line, it covers such expenditures as photocopier rentals or fax rentals, vehicle-related costs, maintenance related to fax machines or photocopiers, office equipment, such costs as that.

Mr. Ferreira: Those two items-

**Ms. Gibson:** No. Those are just examples of items. As I said, a number of pieces of office equipment—photocopier rentals, fax rentals, vehicle-related costs, different maintenance and service associated to office equipment.

**Mr. Ferreira:** I'm wondering if I can get specifics: what equipment, who the suppliers might be.

Ms. Gibson: I can look into that and get back to you.

Mr. Ferreira: You don't have that available?

Ms. Gibson: No. Sorry, I don't. I have the top-level items from the 2007-08 estimates book.

**The Chair:** That does conclude that 20-minute rotation, Mr. Ferreira. To the government side. I have two: Ms. Smith and then Mr. Wilkinson.

Ms. Smith: Just to follow up on some of the issues that Mr. Ferreira was discussing, and you noted that the opposition had not raised this particular issue in the House in March 2005: Perhaps you could just review for us, Deputy Premier, some of the issues that were raised in the House in March of 2005, just to give us some context as to what was being discussed at that time.

Hon. Mr. Smitherman: The House wasn't sitting till the 29th. If we review the issues—I've already indicated to the committee that the first mention of Mr. Bob Edmonds in the Ontario Legislature came on October 25, 2006, which is the day after The Fifth Estate story aired. The issues that were in conversation in that March time period, after the broad international exposure to this issue, from the NDP were health care and education funding—I think I remember some of that—child poverty, labour legislation around card-based certification, tuition fees and issues on the city of Hamilton. The Conservative issues at that time were the deficit—I don't know if maybe they were talking about the one they left behind; I'm not sure—hospital funding, greenbelt, budget and teacher contract strikes.

I just conclude that most people—The Fifth Estate story obviously was pretty substantial in terms of bringing this story to the fore in the Ontario Legislature.

Ms. Smith: You spoke earlier in response to some of Mr. Ferreira's questions about the nature of the coverage that was in the media in March, which Mr. Ferreira has referred to as international in scope, and he has referred to a number of headlines. But in your response, you indicated that those types of headlines would not have set off alarm bells—maybe I'm paraphrasing for you—for an issues management person in the Premier's office because of the nature of the coverage. I think you referred to Mr. Edmonds having a smile on his face in another headline. Perhaps you could just refer to some of the media coverage as to why it was felt that it wasn't at such a high-pitched level that it required an issues management approach to it at the time.

Hon. Mr. Smitherman: For instance, on March 15, the big story on the front page of the Toronto Star was about our government's plans to bring an end to mandatory retirement. That obviously was a big issue. In a Welland newspaper, they were dealing with issues around medical school advances in the Niagara region. So the issues of the day were other than this one. But I guess the real learning that I could offer—and I think people are going to have to make their own judgment on this, and I think they're going to use common sense judgment—is that you have opposition parties attempting to make a case that they weren't prepared to make on hundreds and hundreds and hundreds of question-asking opportunities in the Ontario Legislature. So I think it's

reasonable to say that the instinct of an issues manager is to be well attuned to what opposition parties are up to. The issues management priority, at least in my operation, is: Use as little energy on it as possible because you need to spend as much time as you can actually moving agendas forward.

The Chair: Mr. Wilkinson, you have 16 minutes left.

Mr. Wilkinson: Just following up on that, we have a uniquely qualified person to answer this question because your career, of course, Minister, had to do with working with ministers of the crown many years ago, and now you are one. Let me just follow this. If you had an issues manager—and I'm sure you do, many, because of your ministry—if they were not to brief you on issues before your ministry that were in the headlines that day, because you can't read every paper in Ontario, which is why you have them, you would say that their first priority, of course, on that day would be to make sure that if you went into the House you had been briefed on the issues in front of the media that day.

**Hon. Mr. Smitherman:** Yes. The thing about this is that it's human judgment left, right and centre. The judgment of the opposition parties was that for 18 months that wasn't a story worthy of investing any of their time and energy in in the Legislature.

**Mr.** Wilkinson: My follow-up question is: Do you find that there's a direct correlation between what happens to be on the front pages of the paper that day and the questions asked by the opposition in the House?

Hon. Mr. Smitherman: It's not always direct, but obviously sometimes it is that you're chasing—sometimes a news outlet demonstrating an interest in an issue. The opposition makes the calculation that they should stick with that issue because there's some life and energy in it or what have you. These folks obviously concluded that this issue wasn't on that level. Again, I can see why, because if I'm reading a story—I was an opposition guy too, right?—that starts with words like, "He's a winner at long last," this does not get my back up. This says, "Okay, that seems to have been resolved."

Mr. Wilkinson: That's kind of the point that I was making, I say as a backbencher, and a proud one, I might add, with my colleagues here. We sometimes look at the clippings during the day and kind of predict as to what would be the questions from the opposition that day. There seems to be, to me, in my experience, only being here for three and a half years, a pretty direct correlation between the issues of the media and the ones that are asked by the opposition and the ones that are addressed to our ministers.

But I'd like to get back to the discussion I was having with the secretary, if you don't mind, and that has to do with the ability to contain cost. Another issue that I know we've been making some great strides on is the question of government advertising and ensuring that government advertising serves the public purpose, because there had been, I think reasonably, political discourse about—I remember seeing those particular ads that featured former Premiers and former ministers. So I'd like your com-

ments about that. I had asked you about the reduction of consultants—but this issue of advertising and the changes that have happened.

1730

Mr. Dean: There has been a very significant change in the government's approach to advertising. As you know, early on in its mandate, this government introduced requirements that advertising was to be of a strictly non-partisan nature. This caused a very significant change in the approach to advertising right across the system. Any advertising now has to be submitted to independent review. It's a much tighter, public-service-oriented approach to marketing government initiatives. That has been quite a sea change, I must say. It requires ministries to bring a very, very different scrutiny to the process of marketing and public communications. Almost entirely, to my knowledge, a very pristine approach has been brought to that. Quite a sea change, actually.

Mr. Wilkinson: I was just wondering, because there seems to be a line of questioning on this and because we seem to have been able to hold the costs in the Office of the Premier, and it is important that the Premier sets the tone. As I was mentioning before, if the Premier's office itself exceeds their estimates by some 76%, that has to send a pretty interesting message to all the other ministries that somehow money is flowing freely. I want to say thank you on behalf of all of us in the Legislature that you're doing a good job of actually managing those costs and resisting the constant pressure to spend more, because you're driving this issue of efficiency. I believe that the service, as you've said, is improving.

Could you give me some other examples of areas where you're using modern business techniques? In my position as parliamentary assistant to the Minister of Research and Innovation, who happens to be the Premier, I was at an awards ceremony about six months ago where our OPS actually received two national awards because of the tremendous work that they are doing embracing modern business tools to effectively promote public policy by the government. I just want to, first of all, commend you because I know that all of those people ultimately report to you. I'd be interested in hearing your approach as to how you're able to manage that.

Mr. Dean: Two things: I will say, first of all, that over the last three or four years on the fiscal management front, this is an administration that, more than others I have worked with, has built budgets around priorities and actually quite a small number of priorities. They're the priorities that the Premier brought in really early in the mandate, and I won't restate those—they're well-known, mostly in the health, education and economy areas.

We have seen, over the last three or four years, budgets structured around those priorities. That means that, for the most part, the lion's share of ministries have been flatlined in terms of spending. That means that any salary increases have to be absorbed by those ministries. It means that they have to become more and more efficient. I see lots of references across governments and jurisdictions to zero-based budgeting, but I have not seen

many examples where that has actually worked in practice. It certainly has been working here in the last three or four years.

To get back to the business of modernizing government and creating more efficiency, I've talked about the fundamentals: A front-facing, vibrant and responsive counter service; Internet service that provides relevant and timely services to the public; back-office services that are connected and that support that outward-facing service strategy; and information technology that supports, at an enterprise level, efficient and effective service delivery. Supply chain management: something that we learned from the private sector. We've been selective, I would say, in learning from the private sector. We test, and some things that work well in a public-sector context, we embrace. Certainly supply chain management is one of them.

When we looked out across government at the amount of money we were spending on procurement, globally we spend about \$3.5 billion a year. We can obviously hugely leverage that spending if we centralize purchasing. We've done that, to great effect, and saved an enormous amount of money. We've actually taken that learning and driven it out to the broader public sector, and we've now supported the health and education sector to develop consortia in terms of purchasing organizations, and they are learning from us in that regard.

I talked about money-back guarantees driven through online channels. We talked about birth certificates. We've now followed the birth certificate guarantee with money-back guarantees for marriage and death certificates, and also, importantly, thinking about this from a business perspective, online applications for master business licences. I don't need to tell you how hugely popular this is with the business community. It builds on a number of initiatives that have been focused on, in particular, small business by this administration. Again, just like birth certificates, they are delivered on time 99%-plus of the time, and service quality and customer satisfaction are going up.

A really neat thing that I'm really, really proud of, and that a lot of people worked very hard on, is that any parent who has had to apply for key pieces of information, certificates, on the birth of a child will know that previously one had to go to the municipality for birth registration, to the province for a birth certificate, and to the federal government for a social insurance number. That means, generally speaking, three long lineups and maybe going to the wrong office two or three times and told that that responsibility is at another level of government. We're saying that that isn't good enough any more. We have partnered now with the federal government and municipalities and are providing to the new parent, in many cases at the hospital level, online applications for those three pieces of certification through one application form.

That tends to be pretty popular with second- and thirdtime parents. If parents have gone the three-government approach, they really love the ability to get all of that done in one place at one time. I don't need to tell you how much cost saving is wrapped up in that. That means that all three levels of government can reinvest those savings in public priorities. By the way, if you're a first-time parent and you're able to make that application at one time in one place, it probably just makes common sense to you that that's the sensible way to do it. If you're a second-time parent and you've tried it the old way, it's a revolution, and we're getting a lot of positive feedback from that.

We're taking the enterprise approach as well to the area of human resources. If there's one area that governments—not just in Canada, not just in Ontario, but globally—have not invested appropriately in, it's the area of human resources. You cannot build modern, efficient public sector organizations without getting the right human resources framework in place. Again, it involves looking at what's appropriately done at the ministry level and what's appropriately done at the enterprise level.

You will all know that we are engaged in fierce competition for new talent with other public sector organizations and with private sector organizations. We have to do a better job, and we are doing a better job. We have a young professionals secretariat now that is involved not only in the business of recruiting the best talent from our universities but in keeping them here once they get here. In somewhat of a breakthrough, not just in Ontario but I think internationally, we've staffed that young professionals secretariat with young people, and we're getting remarkably fresh perspectives from them and really good advice.

We're following that approach through the human resources chain, not just on recruitment. We're putting a new emphasis on talent management, identifying where the hot talent is in the organization. We have a terrifically diverse workforce, by the way, in the Ontario public service, but you won't be surprised to know that a lot of that diverse talent is clustered around the low and middle part of the organization. And one of the things that we want to do is identify the leaders of the future and elevate that talent through the organization as quickly as we can. So we're getting serious about talent management.

We are getting serious about performance management, because obviously, like other leading-edge organizations, we cannot tolerate mediocrity and poor performance, and we're not going to tolerate mediocrity and poor performance. That means getting serious about performance management. It means tying compensation to results. We have, certainly for our entire management cadre now, an approach that ties money to performance, and that's very important.

If we again look out to the broader public sector, as I say, we're working with our partners to extend what we're learning out to them.

Lastly, I'd like to say that none of this is possible—you cannot drive service delivery improvements without partnerships with the broader public sector, the federal government and municipalities. If there's one thing I've learned over the last 17 or 18 years in government, there is nothing that government can really do well in a

significant way in service delivery on big policy, on big implementation, on its own. It increasingly demands effective partnerships with other public sector organizations, voluntary organizations, our community organizations and the private sector, and we're endeavouring to do that. We wouldn't have a new labour market development agreement now and the new Employment Ontario, where we have about a billion dollars invested in training, without that kind of co-operation. We likely wouldn't have a new immigration agreement, we wouldn't have the kind of service collaboration we have with our federal and municipal partners without public servants, with political permission and encouragement, joining hands with our colleagues across jurisdictions.

The Chair: Mr. Dean, thank you. That does conclude our time.

**Mr. Wilkinson:** Thank you, Mr. Chair. I know the secretary is able to prove that you can be a public servant and passionate at the same time. We appreciate what you're doing.

**The Chair:** We do have time for one last-minute 20-minute rotation today from the official opposition.

Mrs. Elliott: I would like to address my first question to Mr. Dean again, if I may. Going back to the 2004-05 time frame, given the fact that the Ombudsman's report indicates that there were escalating concerns with respect to insider fraud within the OLG, can you tell me when this became an issue, or when your office first became aware of it, and then how you treated it and what you did about it?

Mr. Dean: Certainly. I would have personally become aware of this issue sometime around the middle of October 2006, so just around the time when it was hitting the airwaves in a significant way. It would usually be my practice to check in with the deputy minister responsible and to ensure that the deputy minister had, if you like, turned the lights on appropriately in the ministry, if they weren't on already, to this issue, and was looking into it, was working actively with the agency.

Generally speaking, I think as the Deputy Premier said earlier, my style is somewhat reflective of the Premier's, in the sense that I tend to recommend to the Premier for appointment the best deputy minister talent that I can find, and then I expect them to do their jobs. I don't micromanage; I don't look over the shoulders of 27 deputy ministers. But usually when an issue of significant magnitude arises, I will, from time to time, have conversations and check in and see how things are going.

**Mrs. Elliott:** So prior to October 2006, this hadn't really gotten onto the radar screen for you or anyone else in your office?

Mr. Dean: That is correct. I heard about it in relation to the fact that it was going to be the subject of a television program, and if I can provide some broader context to that, again, I'll return to something that the Deputy Premier was saying. Things have changed an awful lot in governments—municipal, provincial, and obviously federal—over the last 15 or 20 years. One of the things that has changed is that—we heard about the world of the global and international earlier—we live in a

global economy. We deal with global issues. We are interested in global investment attraction. There is much, much more interest, in the world of government in the Premier's office and my office, in the international climate than there might have been 15 or 20 years ago. There is much more interest in the national and intergovernmental than there would have been five, 10, 15 years ago.

For example, consider that in the time period that you're talking about there was a very, very significant fiscal gap issue that was consuming certainly a lot of my attention and I think a lot of the attention of the people in the Premier's office. We are scanning the economic environment; we're looking at what's happening with jobs, with economic forecasts. So there is a significant economic component to the operating environment that we operate in. There is a big policy component to the world that we are operating in. We're worried about health sustainability; we're worried about public health: we're worried about education. There are issues that are raised by the opposition, and those come onto the radar screen. There are internal management and human resource issues. And somewhere in that universe, in that large and thorny and complex environment that I and my political and Premier's office colleagues occupy, there are things that are happening in the media; there are things that are happening in the 300-some agencies out there associated with government; there are things that are happening out there in the broader public sector—in hospitals, in schools, in universities.

I ask you to think about the fact that in that global, international, national, intergovernmental economic context, we find that something that's happening in one of our agencies is the subject of a television program. It's important, yes, but it sits in a massive—massive—and complex operating environment in which we deal. If that had been the only issue that day that arrived in my environment, I imagine that I would have given it probably a bit more importance, and it would have been given more importance in our universe. But I can tell you with a great deal of certainty that that would not have been the only issue on the radar screen that day. There was much more to worry about and be concerned about. But if something is going into the national media, it certainly attracts my attention and I take whatever due diligence is necessary to ensure that people with appropriate responsibility are looking into that and are preparing to deal with it.

Mrs. Elliott: If I may ask specifically how this issue came to your attention, was it as a result of a memo from someone else, or was it just your own knowledge of this television program?

**Mr. Dean:** I heard about this directly from the deputy minister responsible.

Mrs. Elliott: Of infrastructure renewal?

Mr. Dean: Yes.

**Mrs. Elliott:** Was this in response to the television program coming up; he just told you that you could expect to see this?

Mr. Dean: That's correct.

Mrs. Elliott: Can you tell me what your response was to that? Were you concerned that you hadn't known about this before?

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Mr. Dean: As I would normally do, as would my colleagues across government and my colleagues in political office-this is a world in which the unexpected is happening all the time. One deals with these things soberly and thoughtfully. My initial reaction would have been to ask for more information: What is the subject of the inquiry? What is the news organization interested in? What can we expect to see and hear in that show? What are we doing to figure out whether or not this has resonance? What lies behind it? Let's get some of the facts on the table. That would have been my first reaction. The initial reaction would be, naturally, an inquisitive one: What's all this about? What am I likely to hear? What issues are going to be raised, and are you, as the deputy minister, in a position to prepare your minister to respond to them? That would have been my

Mrs. Elliott: In this particular instance, do you recall whether the deputy minister had more specific knowledge and had some background information, or was well aware that this was happening, or did you ask him about his degree of knowledge about it?

Mr. Dean: Carol Layton is the deputy minister. My sense at that time was that the deputy minister had fairly limited knowledge. That was the sense; that's my recollection right now. So my recollection is that she undertook to find out as much information as she could and to report back to me.

Mrs. Elliott: I guess the next step would be, what, then, came back to you as a result of the inquiries that the deputy minister made?

Mr. Dean: The next level of information, quite honestly, that I recall—the next level of information that came to me was that this related to some issues related to Mr. Edmonds's case and some concerns around the efficacy, if you like, of the lottery process. So really, no more than I then saw on the television program itself.

Mrs. Elliott: Were there any memos or briefings or anything specifically prepared for you on this point?

Mr. Dean: At the time I learned about this, I was actually out of the country, so this was mostly for the purpose of keeping me up to date on what was happening back at home. So it mostly would have been quick telephone briefings.

Mrs. Elliott: Were there any subsequent briefings prepared for you?

Mr. Dean: I have since that time kept in touch with the deputy minister, and from time to time, yes, we've had updates on work in progress and, if you like, the government's response to the television program—and, of course, subsequently mostly to the Ombudsman's report and the KPMG study, because obviously, albeit that agencies are at arm's length, one's professional instinct in situations of this sort is that once an independent body is looking at it, one turns the attention of the organization to supporting that review and, once the review is com-

pleted, getting on with the job of implementing recommendations. For the most part, that has been a perspective that I've taken, and I think that has been the perspective of the deputy minister as well. I think we've made considerable progress in doing that, quite honestly.

Mrs. Elliott: I hope you understand that this is also my first appearance before the estimates committee, so my next question—I'm not sure whether you're allowed to produce this. Are you in a position to produce for the committee any of the materials, any briefings, notes, memos or anything of that sort that was prepared for your office with respect to the whole issue, I guess commencing from October—well, prepared for you after you became aware of it that may have related to the whole issue generally?

**Mr. Dean:** I am happy to check my files, and to the extent that I have briefing materials, I will make them available to you, yes.

Mrs. Elliott: Thank you. I have just one other question. Was any further action taken by your office after you became aware of the Ombudsman's office becoming involved other than simply facilitating information that may have been requested? Was there anything else that proactively your department—were there any steps you took with respect to this matter?

Mr. Dean: I think the main thing is that once an independent reviewer, the Ombudsman—we're familiar with his meticulous approach to these things. It's an all-handson-deck situation to get information to the Ombudsman, because once that process is under way, obviously we want to harness our resources and get as much information to the Ombudsman as we possibly can.

**Mrs. Elliott:** Thank you, Mr. Dean. I believe Mr. Wilson has a few questions.

The Chair: Just over four minutes.

Mr. Wilson: Thank you, Mr. Chair. Mr. Dean, along the same lines: You became aware in October 2006, shortly before The Fifth Estate story, I guess, as the deputy informed you. To the best of your knowledge, we're not going to find anything that goes back to 2004 or 2005 or prior to October 2006 in terms of the cabinet office giving any memos at all to the Premier's office, a heads-up on this issue, memos from the OLG to the cabinet office? Have you done a thorough search?

**Mr. Dean:** I can tell you that, to the very best of my knowledge, my office was not aware of this issue until it was raised in the context of the forthcoming Fifth Estate program; I certainly wasn't.

**Mr. Wilson:** Okay. We're asking in terms of there being no policy change request. Certainly you're saying there was no media heads-up prior to October 2006.

Mr. Dean: That's correct.

Mr. Wilson: Should there have been-

Mr. Dean: Should there have been?

**Mr. Wilson:** —given that the auditor says that in 2005 and 2006 activity was escalating and complaints were going up?

**Mr. Dean:** In retrospect, I might have expected that I would have learned about something like this a little bit sooner. But placing that in context and thinking about,

again, the magnitude of issues that we deal with, when we create arm's-length agencies, we place a high degree of reliance on a fairly continual chain of communication from those agencies. The further away, if you like, from my office the issue is, in some cases, the longer it takes to bring that issue to the attention of government and my office. I'm just speculating.

I would have thought certainly that if The Fifth Estate was involved, I might have had a little bit of an earlier heads-up. So I was a tiny bit caught off guard, yes, to be

very honest about it.

**Mr. Wilson:** Were you disappointed that the deputy—the deputy at the ministry should have known. You can

answer that or not answer that, I suppose.

Just give us your overview of the relationship between the so-called arm's-length agency—I know on the books it's arm's length, but it seems to me the government appoints the board members, the government appoints the chair, and the chair and the board are directly reportable to the minister. Something broke down somewhere if no one knew anything about these issues until The Fifth Estate calls.

Mr. Dean: First of all, I think it's very important to say that I wasn't disappointed with the deputy minister. The deputy minister is somebody I have tremendous faith in. My sense was, as I mentioned to Mrs. Elliott, that the deputy minister had received this information fairly recently. I will say that the deputy minister has worked tirelessly over the last several months in supporting the government on this issue.

We do have accountability relationships, of course, with our agencies, and again, maybe I'll just remind you that there are about 300 or so—in fact 309—classified

agencies, so one might call that a whole bunch of agencies out there. Obviously, there are accountability directives that set up accountability relationships with those organizations. We ordinarily require a memorandum of understanding that sets out those accountability relationships, and those are in place. A business plan has to be submitted annually, for example, by the agency for approval by the minister, and it has to include an overview of the agency's activities and performance measures. Every three years, the business plan has to be submitted to Management Board for approval. There's an annual report provided by our agencies to the minister, who in turn tables it with the Legislative Assembly; and that, as a minimum, must contain a description of the agency's performance relative to targets and financial statements. A process is also required for responding to complaints about the quality of services. There is a requirement that certain agencies must have an annual audit. There can be periodic reviews. So the accountability requirements are quite tight. One, of course, relies upon the senior management of those agencies to establish a culture in which, if I can put it this way, oxygen is supplied to those accountability directives. So agency by agency, one does see some variability.

The Chair: Mr. Dean, we'll leave it at that. Thank you very much.

Folks, that does conclude that segment by the official opposition. We will have, at the conclusion of that, four hours and 34 minutes remaining when we resume on Tuesday, May 1. This committee is adjourned until Tuesday, May 1, right after orders of the day. Thank you very much. Have a good evening.

The committee adjourned at 1803.

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Standing committee on estimates

Office of the Premier

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Deuxième session, 38<sup>e</sup> législature

# Journal des débats (Hansard)

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Tuesday 1 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 1er mai 2007

The committee met at 1604 in room 228.

#### OFFICE OF THE PREMIER

The Vice-Chair (Mr. Garfield Dunlop): Good afternoon, everyone. Welcome to the standing committee on estimates. I believe that last time we finished up with the official opposition. Now we'll be going to the third party for a 20-minute rotation.

Minister Smitherman, welcome back today.

Hon. George Smitherman (Deputy Premier, Minister of Health and Long-Term Care): Mr. Chair, just before we begin with that round, at your instruction, cabinet office officials have a variety of verbal updates or answers to offer to some of the questions that were posed. So at whatever point you would prefer to receive those, we could make them available.

The Vice-Chair: If it's okay with the government, can we use your time to—

Interiection.

**Hon. Mr. Smitherman:** I think they were typically—we could probably go through them and determine which party they were answered from, if that's helpful to the Chair.

The Vice-Chair: Okay, we'll figure that out, and by the time we go around, we'll work that way.

So if you can provide those answers during whatever particular party asked the question at that time, we'll take some of that time out of each 20-minute rotation. I apologize for that.

To the third party.

Mr. Paul Ferreira (York South-Weston): I'm glad to be back for round three of our committee hearings into the estimates of the Premier's office.

My first question this afternoon is to Mr. Dean. Last week, on Wednesday, you referred in at least a couple of instances to "issues of significant magnitude." I'm wondering if you could define what you mean by "significant magnitude."

Mr. Tony Dean: I'm not sure. We were chatting last week about that, I think, in a couple of contexts. One was the circumstances in which notes or verbal briefings would be prepared. It may well have come up also in the discussion about when did the cabinet secretary learn about certain events and what did he do or not do about them.

I think that, as we talked about last week, there's an economic criterion in terms of impact on the province,

either positively or negatively, in terms of the fiscal plan. There are policy criteria that one looks at; there are criteria that relate to whether or not one can expect the opposition or another interested party or group to raise questions or issues about it; whether there's an intergovernmental impact; whether there's a potential impact on the health and safety of the population or on government services. Those are all things that I think you would weigh into the mix in determining whether an issue was of sufficient magnitude to alert our colleagues.

Mr. Ferreira: Does the amount of media coverage factor into that formula?

Mr. Dean: That is one of the criteria, certainly, that I would look at. That being said, one is always, in my world, thinking about these things on a 24-hour cycle, and one of the early determinations that I think we, in this world that we all share, make is whether or not a story is significant for this particular news cycle or whether it will continue to be of significance in the days and weeks and months ahead. Something that receives relatively minor coverage in one of the news media might well have the potential to become much bigger; something that receives considerable broad coverage may be a one-day piece of news.

Mr. Ferreira: In the case of Mr. Edmonds, there were dozens of print articles—some electronic media as well—within a period of a month in 2005. Would that have warranted further scrutiny, in your opinion, as a long-time civil servant?

Mr. Dean: I guess, generally speaking, one always looks at the context. My sense is, from observing the world of the media and the media production process—let me suggest to you that good news isn't something that tends to linger very long in the media; negative news, issues around conflict, tend to have a little bit more traction. So news of a settlement and the conclusion of some judicial or quasi-judicial dispute—my own expertise from the past is in the world of labour negotiations, and it often strikes me as quite remarkable how big news stories can quickly evaporate once a sense of conclusion or settlement is reached. So I don't really know what to draw from the question you're asking.

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**Mr. Ferreira:** Last week you said to us that you only learned of this case in October 2006. To quote, you said, "In retrospect, I might have expected that I would have learned about something like this a little bit sooner." I'm

wondering why you would have expected to learn a little bit sooner.

**Mr. Dean:** The fact that I heard about a subject of the business of a government agency appearing on a TV news show is, I think, material and something that I might ordinarily have heard about with a little bit more advance notice.

Mr. Ferreira: In a case like The Fifth Estate, when they do these kinds of investigative reports—and having worked in the media, I know that typically it involves weeks, if not months, of research and background interviews and fact-finding. Do you find it odd that it wouldn't have come to you as that initial research—when The Fifth Estate goes around, they're digging, right? Would you have expected to have been made aware of their work well before it came to air, not just before it came to air?

Mr. Dean: I've learned, actually, in this job to expect the unexpected. I work in a rather unpredictable world, as you do. There are some things we can predict and others we can't. I think I said last week that the stuff we predict, that we know about, is actually easy to handle in my world. There are things that do sneak up and surprise you from time to time. This wasn't the first; it won't be the last. Is it exceptional that I, from time to time, be a little caught off-guard by something? Not really.

Mr. Ferreira: So it happens on a regular basis?

Mr. Dean: Well, that's part of the world we all inhabit.

Mr. Ferreira: Should someone have alerted you, and, if so, who would that person have been?

Mr. Dean: I would normally hear, I guess, through the deputy minister or perhaps, in some cases, directly from the media. As I said last week, there are hundreds and hundreds of things coming at us, and one hears about these through a variety of means. It could have been through the deputy minister; it could have been through the media; I could have picked it up in discussions with colleagues. There is any number of ways that it could have come to my attention.

**Mr. Ferreira:** So is this a case where someone may have just dropped the ball in assessing the importance of this issue?

Mr. Dean: I don't know enough about that at this particular time to give you a good answer to that, quite honestly.

Mr. Ferreira: Given the magnitude of the issue, as we've witnessed more recently, is it something that you're going back to check and see if there was a breakdown somewhere? It has become an issue of more significant magnitude as time has gone on.

**Mr. Dean:** When I'm occasionally surprised, I will, from time to time, go back to a ministry or department and suggest that it might be important to tighten up our information systems. Let me just put it like that.

**Mr. Ferreira:** How does that process—that investigation, if I can use that word—work? Go back to the relevant staffers and ask for some kind of explanation?

**Mr. Dean:** I think that, generally speaking, when we are advised of a material situation close to the event, my reaction is sometimes enough to wake people enough to a sense that it's time to sharpen up information systems. So it depends on the situation.

Mr. Ferreira: In this particular case, have you undertaken to go back and speak to the relevant staffers and

ask them, "Hey, what happened here?"

**Mr. Dean:** I understand that that's something people are looking at in the ministry. I haven't asked them to do that.

Mr. Ferreira: Are you involved in that?

Mr. Dean: I'm not.

Mr. Ferreira: Who is involved in that?

Mr. Dean: You would probably need to talk to the deputy minister.

**Mr. Ferreira:** Of the Ministry of Public Infrastructure Renewal? Thank you.

To the Deputy Premier: Last week, you brought up the word "judgment" and how judgment calls are made on a regular basis that pertain to issues like this. In your opinion, is it a case of bad judgment that this wasn't brought up?

Hon. Mr. Smitherman: I don't think so. I had a chance to say last week that I've done different sides of this job. My impression is that when the volume of information that you're dealing with is like this-there's that much stuff in the public domain every day-if I'm in an issue management role and the stories that are pertaining to the area where I work are about a settlement and have the word "happy" in them-again, I wasn't around on that file. I get my information, too, apparently, from The Fifth Estate. But if I look back on it, having reviewed the kind of media that came out on that big day that you think everybody should have noticed but that the opposition parties didn't-no. I'd say no. If I'm trying to get the most pertinent information up the chain of command to let them know that X, Y or Z is occurring, I'm not very inclined to think that a story line that had the words "settlement" and "happy" in it was going to force that forward. In my judgment, no.

I just want to say, in answer, we do have some information pertaining to questions that you asked prior, and if it would be appropriate, Cabinet Office officials could provide that information now.

The Vice-Chair: Would you like that, Mr. Ferreira?

Mr. Ferreira: Sure.

The Vice-Chair: Go forward, please.

**Ms. Shelley Gibson:** Mr. Ferreira, you asked at the last session, I believe, and at the first one as well, on Tuesday, about the last paycheque for Don Guy.

Mr. Ferreira: Yes.

Ms. Gibson: I've gone back and looked at records, and I've confirmed what the secretary of cabinet already mentioned, that Don Guy was chief of staff until July 2006. He continued to provide some transition advice and counsel to his successor until August 2, 2006. You specifically asked about his last paycheque. Government paycheques—as you may know, because it may be the

same for the Legislative Assembly—are regularly processed two to three weeks after the final date of employment. So he received his last paycheque for work conducted for the Premier's office on August 24, 2006, and then he also collected accumulated vacation pay. That was one of the questions you asked us to come back with.

Another question: You asked us to confirm, although I believe the Deputy Premier might have already confirmed it, but just to reconfirm again, that the Premier's office does not have any contracts with Pollara. That was another question you had asked.

In the last session on Wednesday, you also asked for the budget breakdown for issues management. As I did indicate—I've gone back to confirm that there is no specific budget breakdown by department in the Premier's office; it's a global salary and wages budget.

Another question that you asked—and I believe the Deputy Premier might have also indicated a response to this question as well, but just to reconfirm—was that the issues management function in the Premier's office has consistently been staffed at or about three people.

I think the final response you were looking for was some examples of vendors in the services category. I think you were referring to page 12 in the estimates briefing book and you were looking at the services line there, which is about 4% of the whole budget. I've gone back and looked at that a little bit more. Costs against the "Services" line in general for the Premier's office have decreased by about 8% from 2002-03 to 2005-06, which is the last reported actuals, on page—I don't think it's page 12 where the actuals are; I believe they're reported on page 14, the line-by-line actuals. It has decreased by about 8% overall, from \$103,670 in 2002-03—and that's in public accounts—to \$95,402 in this year's estimates book, which is also the 2005-06 actuals from public accounts.

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Items such as equipment rentals and service, which I mentioned before, facility repairs and maintenance, meeting rooms, things like health and safety services and some vehicle-related costs are all things that are charged under the services line. You asked for some examples of vendors providing these types of services. They include vendors like Pitney Bowes for office automation, Reko Canada, the Legislative Assembly of Ontario, Compass Group Canada and Aon Reed Stenhouse. Those are some examples of the vendors that provide us with the operational services to support an office of the size of the Premier's office.

I think that responds to the question from Tuesday and Wednesday.

The Vice-Chair: There are five minutes left in this rotation, Mr. Ferreira.

**Mr. Ferreira:** Compass Group, what kinds of services do they provide to the Premier's office?

Ms. Gibson: They're a vendor of record for all of the Ontario public service for catering-hospitality services.

They also do some of the boardroom bookings in the Macdonald Block.

Mr. Ferreira: And Aon Reed Stenhouse?

Ms. Gibson: General liability insurance related to

Mr. Ferreira: With regard to Mr. Guy—and thank you for getting that information for us, it's quite helpful—he left as chief of staff in July and, for a short period, he provided transitionary advice and counsel to his replacement, I would surmise.

Ms. Gibson: Yes.

Mr. Ferreira: Has he had meetings with the Premier's office since his departure to talk about matters of business?

Ms. Gibson: That's not something that I would know, sir.

Mr. Ferreira: Anybody?

Hon. Mr. Smitherman: I have no formal knowledge of such meetings. Relationships are one thing and formal meetings are another. It would be my anticipation that he would be, from time to time, in touch with a wide variety of folks. I don't have meetings with him, per se, but I do run into him from time to time because our lives cross and overlap. I would suspect that he would have some engagement, but I don't think any of us that are here would have purview to his calendar.

Mr. Ferreira: Do you have access to the Premier's calendar or to the Premier's new chief of staff, to his calendar?

Hon. Mr. Smitherman: If there's a specific matter, as we've done in other cases, and if you want to pose a specific question, then we'll go back as we have in these other instances and do our very best to get you the—it's a little bit hard if it's kind of like a haystack, but if there's a particular question that you have in mind, then we'll do our very best to get you an answer to that.

Mr. Ferreira: I'm wondering if a log is kept of all the business-related meetings. I'm not talking about personal time, but business-related meetings that the Premier and his chief of staff conduct, or his senior staffers conduct, and with whom. Is that something that you could get for us, and, specifically, how many times Mr. Guy would have been involved in those meetings, if any?

Hon. Mr. Smitherman: I have no knowledge of whether there's some kind of a centralized thing where everybody's schedules go. I've never heard of that, but most definitely, we'll make inquiries along the lines of those that you've asked and see what information we might be able to bring back to the committee.

The Vice-Chair: A quick one here.

**Mr. Ferreira:** If I could also ask the same of any meetings with Mr. Warren Kinsella.

**Hon. Mr. Smitherman:** We're talking now, if I understand it, about meetings between Mr. Guy and Mr. Kinsella?

**Mr. Ferreira:** No, no. Mr. Guy and the Premier or the Premier's senior staff, and meetings between Mr. Warren Kinsella and the Premier and/or his senior staff.

**Hon. Mr. Smitherman:** Okay. Now I understand the nature of the question. Same answer, Mr. Chair.

Mr. Ferreira: Specifically, Warren Kinsella. I understand that his brother, Lorne Kinsella, has done some work for the Premier's office in the past, but it's Warren that I'm asking about, just so we're understood.

The Vice-Chair: We'll now go over to the government side. Mr. Patten, if you could start.

Mr. Richard Patten (Ottawa Centre): My question is to the secretary of cabinet as well. My preamble to the question is the whole question of the agencies that we have. It seems to me that, regardless of which government, agencies are often set up in order to have an armslength relationship that gets it out of partisan or political judgments or sensitivities. Of course, there's been a lot of interest in certain agencies recently, and it seems to me, as a friend of mine said to me, "You know, you guys can't win."

If you don't get involved somehow in an agency, then you're accused of not showing you care. If you do take an interest in it, even if it may be for learning about the function of the agency and what is going on, because theoretically—well, there are some overall oversight relationships with ministers, I suppose—then the vulnerability is, they're accused of meddling. Of course, that's the nature of our political system. We have a government and we have opposition parties who are there to try to make the government look bad.

My question is, related to Cabinet Office and the Premier's office—and there perhaps might be a different relationship here than with a ministerial office—are there any relationships there with Cabinet Office? For example, with people who are hired, are you involved in providing the terms of reference for the hiring of the chairs of boards, agencies and things of this nature? By the way, how many agencies are we talking about? We must be talking about 50, 60; maybe more.

Mr. Dean: Three hundred and nine.

Mr. Patten: Three hundred and nine. That's pretty big. What's the relationship with the Cabinet Office, if there is any?

Mr. Dean: First of all, I can confirm that governments' relationship with agencies, not just in this jurisdiction but across the country and internationally, have ebbed and flowed and do give rise to the sort of conundra that you articulate. Agencies are generally established to move out services, service delivery and oversight from government where that often isn't considered to be necessary to the core business or operations of government, and this has been a tricky relationship for governments of all political stripes.

We do the best that we can in central agencies to provide advice on how to get the accountability relationships just right, I suppose is the term. We wouldn't, in Cabinet Office or the Premier's office, generally have much involvement with the day-to-day, week-to-week, month-to-month operation of agencies or the relationship with them. That is generally dealt with at the ministry level. Most agencies are associated directly with a sponsoring minister, a sponsoring ministry.

I would certainly be involved to provide advice to the Premier's office or to ministries where a new agency was being created, or where there was contemplated a restructuring of agencies. We have, consistent with the discussion that we had last week, engaged in some restructuring of the agency sector because, of course, many of those agencies have similar back-office operations and, in the constant search for administrative efficiencies, we like to line those up wherever we can at the level of, if you like, the wiring and the plumbing of those organizations.

So, on a day-to-day basis, the relationship of the Premier's office and Cabinet Office to agencies would be slight. All of the real work occurs between the ministry and the agency itself.

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Central agencies: Management Board would certainly look to create some commonality in terms of expectations around accountability across the government. We do have an agency establishment and accountability directive which sets out, if you like, common standards for agencies.

I touched lightly on this last week. I won't go into much more detail unless you'd like me to. But essentially, the main elements of that: A memorandum of understanding is generally set out to establish the accountability relationship between the ministry and agency personnel. It clarifies administrative arrangements, roles and responsibilities, benefits, salary, compensation structure, conflict-of-interest issues and things of that nature. Those are generally signed by the minister and the agency chair and stay in place for four or five years.

Similarly, there's a requirement for a business plan to be developed and submitted annually for approval. That looks at things like the agency's key activities, priorities and performance measures. That business plan has to be submitted every three years to Management Board for approval. There is an annual report. There is provision for audits and things of that nature.

So it's a pretty standardized and reasonably rigorous accountability process that, going back to your question, tries to find the right balance between, if you like, setting a framework—what one tries to do here is to set a framework, an overall sense of government direction within which we would hope that the agency operates, establishing some expectations around performance and accountability in reporting.

The management on a day-to-day, week-to-week, month-to-month basis occurs at the senior management level within the agency itself. The ministry applies a light touch, I think it's fair to say, unless on a sort of risk basis it's necessary to change that.

Mr. Patten: I'll come back to that a little later. My colleague Mr. Wilkinson has a few questions, so I'll hold this one until later. Thank you very much.

The Vice-Chair: Go ahead, Mr. Wilkinson.

Mr. John Wilkinson (Perth-Middlesex): I have two questions: one for the Deputy Premier and one for the cabinet secretary. I will start with the Deputy Premier.

I know there seems to be a lot of interest on the part of the opposition about the relationship of the Premier's office and agencies and all these types of things. I'd be interested in knowing about the relationship between the Premier and his ministries. I would ask the Deputy Premier, given the fact that he's the minister for the largest ministry of the government and is, as I've been told, the longest-serving Minister of Health in the province of Ontario since we brought in medicare—I would like to ask your opinion—

Interiection.

Mr. Wilkinson: —and still alive and doing a wonderful job, I might add, and loves the job.

Hon. Mr. Smitherman: He's reading from a script. Mr. Wilkinson: No, I'm not. Actually, I have—
Interjection.

**Hon. Mr. Smitherman:** His are in as good shape as yours are.

Mr. Wilkinson: I guess my question is, what is the role of the Premier in the setting of goals? He's a great believer, of course, in metrics. I think about the wait times, and the marching order that he gave to the Minister of Education about improving test scores. I know the ones that he gave to you about the reduction of wait times. Could you comment about that relationship between the Premier and his office and line ministries such as yours?

Hon. Mr. Smitherman: We had a chance to talk about this a little bit at committee last week. Part of the contrast that is sometimes on offer is with the style. As an example, government that is coming out of Ottawa right now in terms of the notion, at least, widely reported, that with few ministers aside—the member from Durham region's spouse is very often noted as one of those who has earned a little more room to manoeuvre, if you will—it really depends on the administration and the tone that the leader determines to set.

Obviously, if we look back on health care through various times—as an example, when the member from Kitchener was the Minister of Health, the longest-serving health minister in the Harris government—there was a series of occasions when it was very clear, emergency room challenges being one that everybody knows about, that the Premier's office was running files.

I think that Premier McGuinty, from the day that we arrived here in government, has operated in a fashion which really allowed ministers to go and do their work. It's obvious, I think, in the way that he speaks and how he very, very often reflects on his responsibilities as the leader to sometimes be at the 30,000-foot level or up in the crow's nest or a similar idea. It's very, very hard to be the person who's involved in managing the day-to-day and at the same time be achieving some of the longer-term goals.

I think that the one real point of distinction—and I think that Mr. Dean could comment on this as well—was maybe borrowed a little bit from a model that had been successful in driving some of the agenda of the Blair government, and it is this kind of results-based agenda.

What does that mean, practically? About once a month, for about two or two and a half hours, I go in to meet with the Premier with my front-line team. In four, five, six very, very key files—production of family health teams, the reductions in the number of orphan patients, electronic health records, patient safety initiatives, wait times—we are held accountable for the resources that we've received and, accordingly, for the results that were anticipated.

I know that he doesn't do that with every ministry, but I believe that the Premier operates on this results basis with perhaps three or four of the files around this place that warrant the highest degree of his hands-on attention, and I believe that's where he satisfies not just his curiosity—because he typically comes very, very well prepared—but helps to drive us to the destination point, as well.

**Mr. Wilkinson:** Unless the secretary wants to comment on that, I have a question.

We actually have a Premier who's also a minister, through his creation of the Ministry of Research and Innovation.

I agree with you, Deputy Premier, about his leadership style, which is to be the leader and to be up in the crow's nest, as he always says. Someone has to know where the ship is pointing, and it doesn't turn on a dime, so therefore it falls on leadership to be able to do that.

Talking about the ministry that the Premier has created—and of course, in the last six months as his parliamentary assistant, I'm aware of this—I wanted to commend to my colleagues around the table the latest issue of a quarterly called Topical. It is a periodical within the OPS, the Ontario public service. This quarterly issue has to do with innovation and innovation within government.

I remember that when we formed government, the Premier set out a challenge through the secretary, saying to our public servants, "We actually want to listen to you. Are there better ways of doing things?" not as some kind of a secret plan to cut costs but to actually make service better for the people that they serve each and every day. I think there was some initial resistance, but then when they knew that the Premier actually meant it, they participated in the ideas campaign. We received thousands of ideas. For example, Ronald Kwan, who was at the Ontario Financing Authority, submitted a simple idea that has the potential to save the OPS hundreds of thousands of dollars and lots of trees: to change the default margins in Microsoft Word on all of the computers at the Ministry of Finance from 1.25 inches to 1 inch. A feasibility study on a similar initiative at the Pennsylvania State University estimated that the university could save more than \$120,000 a year or 72 acres of forestjust because we asked and because the OPS is willing to listen to that.

There are some other great examples, about how we coordinate boardrooms around here so that we're actually using the infrastructure that has been entrusted to us by the taxpayers and the public.

I'd ask the secretary if he would talk about how you get a culture of innovation in what has been described as the least innovative creation of mankind, which is government. How have you been able to help create that innovation, and what's the relationship with the Premier? When he says, "I want to make this so," how do you make that so?

Mr. Dean: We're really talking about changing culture here, and it's not an easy thing to do, particularly in a 63,000-person organization. I think the starting point is that one goes into this with a view that every human being wants to be given an opportunity to make a difference, to share their ideas, to be heard and to be part of something bigger than themselves. That's not just a professional issue in my opinion; it verges on the spiritual also. We have a tremendously talented and passionate and proud group of people in the OPS. That's not just the case in the OPS; it's the case in other public service organizations as well. 1640

The first thing you do, of course, is ask. When you have the senior leadership of an organization, the Premier-I'm on the public service side myself-and ministers, that makes a big difference. In fact, the Premier wanted to personally not just have the idea for an ideas' campaign originally but wanted to go out on the road and launch it. He did that, and his ministers did that as well, and there was a tremendous reaction. But one of the reactions, of course, that we heard most commonly was. "The thing we like most about this is the fact that somebody came to ask us."

There was a very consistent message that people wanted this not to be a one-time, flavour-of-the-month initiative, and we have now institutionalized a permanent online ideas campaign. We continue to get new ideas. Obviously, one of the critical things that's important to make this thing work is to provide constant feedback and information to people about what's happening to their ideas and their innovations. So people can send their ideas in and then log on after the fact and find where in the process of decision-making their ideas are. In fact, we've seen hundreds of those ideas come to fruition at the ministry level.

But to take a step back from this: This is one element of what all organizations need to do, and certainly this organization is trying to do more and more to engage its staff and its managers. There are such talented, talented people out there, and the subject experts in this organization number in the thousands. If we're not doing anything well enough, it's that we're not tapping that expertise and that ability to innovate. We want to do more of that, and obviously that's great for the organization because it makes us more effective and innovative and in a position to provide better value for money.

I go back to what that does for individuals as well. I will say to managers in this organization—and every year I get out on the road and go province-wide and meet with about 1,800 or so of the senior managers in the organization-that we as managers got to be managers and

leaders because somebody gave us an opportunity at some point in our career to shine. They took a risk. They took a chance on us. Certainly, I'm able to say, with gratitude, that some of my political colleagues of all political stripes have given me those opportunities, and one of the things I really want to do in this organization is to pass that opportunity, that gift, along to as many people as I can in the organization, because we're all here to make a difference. We want to make a difference. We want to make the province better, and engaging employees, asking them for their ideas and then letting them know when we've heard them is a critical part of, as I say, not only making them feel engaged, giving them an opportunity to contribute, to grow, to make a difference, but it makes terrific sense for the organization.

If I can go back, Mr. Wilkinson, to your point about the Ministry of Research and Innovation—I think that's very, very important. Perhaps one of the most important things about this is that, as we tend to do in times of transition, we'll often make suggestions to governments about ways of restructuring government ministries. When Premier McGuinty arrived, he very much had right at the forefront of his mind the view that mandates pass by very quickly, and it can often be the fact, and I think we've all observed this, that governments can tend to stay within the frame of a mandate. The more difficult thing to do is to actually look beyond mandates, look not just one, two, three mandates down the road but further, and to think about not just the new investment that's coming in this year, but the different economies that will follow today's economies. This is one of the really neat things about the work that's been done at the Ministry of Research and Innovation: It's about what comes next. It's about looking to the future and developing a strategy and growing and helping to grow the economies of the future. It's very, very exciting in terms of forward-looking public administration for that reason.

The Vice-Chair: Okay. I think your time is up on that one; that was a good long answer.

Hon. Mr. Smitherman: Mr. Chair, would it be possible to seek a two- or three-minute recess so that I might use the nearby gentlemen's room?

The Vice-Chair: Yes, we'll adjourn until you get back.

The committee recessed from 1646 to 1648.

The Vice-Chair: Okay, the Deputy Premier is back. We'll now turn it over to the official opposition. You may have wanted some of those answers at this time, or would you like to-

Mrs. Christine Elliott (Whitby-Ajax): Yes. Actually, I understand Mr. Dean may have some information for me regarding some questions that were asked last week. So if this would be a convenient time, perhaps we could start with that.

Mr. Dean: Okay. Last week there were some guestions about my recollection of when I became aware of the OLG airing on TV. I think my sense was a sort of a general sense of inquisitiveness about how I would have been informed and what I did about it. There was reference to briefings and things of that nature. So let me just try and put this together for you, because I did go back and take a look at what I was doing and where I was at the time.

I was actually out of the country from October 13 to October 31, 2006. I was a juror at the Commonwealth public service competition that was organized by the Commonwealth Association for Public Administration and Management. As I look back, I'm reminded that the Deputy Minister of Public Infrastructure Renewal was attending the same conference, which was coincident with the competition, so she was also away from her office at the time, and she was attending that conference in her capacity as president of the Institute of Public Administration of Canada. So looking at the dates that we were talking about last week, I believe the show aired on October 25, and the Ombudsman announced a news conference the following day, on October 26. So those are fairly important days that were the focus of attention and I certainly wasn't in my office at that time.

Last week we touched on, and we got back a little bit to it today, the complex and busy environment in which the international, the national, the intergovernmental, the fiscal, the policy, the human resources and operational issues come at us quite quickly. I did look at that period and at some of the issues that were ongoing, and of course the fiscal imbalance was a very significant one in my world. That was an issue that Cabinet Office was involved in providing some advice on. At the time, also, there were some issues around hospital emergency rooms. I was working with a group of parents interested in the autism issue. Autism was a fairly significant story at that time. Balanced budgets at school boards were certainly there. So there was a lot of stuff happening in that environment.

So when would I have heard, then, about the OLG? My best sense is that on or about October 24 I was advised by Carol Layton, the deputy minister, directly, probably in one of the conference rooms where her work and my work would have taken us. She would have mentioned it to me in that context. I did receive an update from my office back in Toronto on October 24. Seven issues were mentioned, and the OLG was the seventh issue mentioned on that list. I was simply told at that time that I'd likely hear something from the deputy minister, if you like, on the ground. Essentially what I learned was that The Fifth Estate was going to be running a story imminently that claimed that retailers had lottery products winning at a rate higher than an average that would be expected. So I wasn't around. I would have heard on or around the 24th. I would have heard from two sources, both from my office and from Carol Layton.

What information in terms of briefing material, information material would I have received at that time? Taking a quick look, a copy of the Ombudsman's press release, a copy of the transcript of the first day in the House when questions where asked about this, a sense of where this showed up in the Globe and Mail, essentially public domain information that really at that point would

have been available to anyone else. So that's what I have been able to recollect about the circumstances, what I was told and who I heard it from.

Mrs. Elliott: I think also as part of that question there was a question about what memoranda were prepared for you, any notes, and what you did as a result of hearing about it, Mr. Dean.

Mr. Dean: Again, I think what I now recollect is that at the time that I learned about this I was out of the country. I primarily heard about it through verbal briefings, either telephone or direct person to person. The only briefing material provided to me was public domain information. So essentially I was getting top-line information about the fact that—I was certainly told that the Ombudsman had taken a very quick interest in this and was calling a media conference. I was given some sparse information about what was in the Globe and Mail the following day. That was it, because I essentially was out of my environment, and I remained out of my regular working environment until the end of the month. As I think I mentioned the other day, by the time I got back, we were really into the thick of the Ombudsman's work. Essentially, at that point, we're doing everything we can to get as much information into the Ombudsman's hands as possible, and we're awaiting the third party's recommendations and doing the best we can to help that inquiry. So, very, very little, actually.

Mrs. Elliott: Can you tell me what interaction there was between your office and the Ombudsman's office? Were you receiving letters, notes or whatever about what information the Ombudsman's office required, either from your office or through the Premier's office?

Mr. Dean: I can only speak for my own office and, to my knowledge, the Ombudsman did not ask us directly for information. The bulk of the Ombudsman's work, I believe, was directly with the agency. To some extent, he likely had some discussions with people at the ministry, but my interactions with the Ombudsman generally focus on a meeting that we will have two or three times a year just to check in and to ensure that he's getting all the support from our organization, in the context of his inquiries, that he needs. No, through that period, there would not have been any direct correspondence between ourselves and the Ombudsman.

**Mrs. Elliott:** Is it fair to say that during that time, you were aware that an investigation was ongoing, but there were no specific asks, I suppose, of your department?

Mr. Dean: That's correct.

**Mrs. Elliott:** When, if ever, did it become a more significant issue for your department as time wore on?

Mr. Dean: Well, significant issue—I think that one has to think about this proportionally and put these things into an appropriate context. I understand that there is a large degree of subjectivity involved in what exactly happened, what was done about it and what the outcome is. I guess that once something hits a national TV broadcast, it takes on more significance than it did before. When we have an Ombudsman's report, that's a fairly significant event. What we strive to do is to get on that as

quickly as we can and, if it's at all possible, respond or help to respond to the Ombudsman's recommendations as quickly and diligently as we can. I think that in this context we have had a couple of very significant reviews—people, if you like—taking the lid off OLG.

I can tell you from observing the Ombudsman's work with a number of ministries and in a number of investigations, he and his staff operate with a sense of dispatch. They tend to leave no stone unturned; they are extremely thorough. He delivers meaty recommendations. Some of those reports are tough, but he's there for a good reason, for a good public purpose; he adds public value. We learn a lot from him.

1700

To some extent, I'd say a significant event certainly was a TV news show on CBC; another significant event was the Ombudsman looking into it; and another significant event was the Ombudsman's report.

Since the release of his report and recommendations, our focus governmentally has been in responding as quickly as we possibly can and as definitely as we possibly can to those recommendations. We will be reporting to him regularly on how those are being implemented

Mrs. Elliott: Thank you, Mr. Dean.

Hon. Mr. Smitherman: I just had one answer to a question that was posed with respect to when the Premier was first informed of this. I don't have a specific date except that the same trigger, which is that—in a period within about one week of the airing of The Fifth Estate program, there was, I guess, transcript information around from a participant from OLG who had done an interview. I think this time frame was when the Premier was first alerted to it and then, of course, everyone's awareness had been dramatically enhanced subsequent to the actual airing on The Fifth Estate.

**Mrs. Elliott:** So just to clarify, the Premier first knew about it after the—

Hon. Mr. Smitherman: No, about one week prior to the airing and the trigger for that was that because an OLG official had been interviewed, some nature of the questions had become better known.

Mrs. Elliott: Thank you. Deputy Premier, if I could ask you a few more questions, just turning back now to a freedom of information request. Generally speaking, when a freedom of information request comes in to a ministry or an agency—and I'm sure there are many of them—what would happen with them in the normal course of events?

Hon. Mr. Smitherman: I think that I could speak at a fairly high level about this and Mr. Dean might actually be in a more appropriate spot than me to talk about how that's kind of—I see it a little bit more very often as the final product, and I'm not always necessarily aware of the way the machinery churns away on trying to compile the information that's requested. Of course, it would depend.

What I know a little bit better is that freedom of information responses under our government have improved very dramatically compared to the record in past circumstances. But to be honest with you, in terms of the way those processes work, if it would be appropriate, I think Mr. Dean might be in a better position to let us know how those things work out across the government.

Mrs. Elliott: Certainly, if I could address it then to you, Mr. Dean, please.

Mr. Dean: Sure. There are a large number of requests that come in to ministries and we have tried to design a fairly common, standardized approach to it. Our record is watched fairly carefully by the commissioner and we'd like to do the best job we possibly can.

Generally, there is a coordinator designated within the ministry. So there is a central, if you like, repository or window for freedom of information requests. Generally speaking, we have, again, people who are highly professional and keen to do their jobs in the most effective way possible in those positions. They will generally take a look at the nature of the request. If it's not clear, they will sometimes go back to the requester and seek clarification. Sometimes the scope broadens, sometimes it might narrow. They might want to give requesters a sense of time and cost involved on some of the larger requests.

But then essentially the coordinator will send out or, if you like, initiate a search. Those are very, very thorough and we try to operate fully within the spirit of the request and to gather all of the pertinent information. Once the information is gathered, there would then be a process of determining relevancy. For example, people tend to be overly generous sometimes in the material submitted. Some may or may not be relevant. Some information may contain personal information that falls outside of the ambit of the legislation. Some of that information may be the subject of solicitor-client privilege. Some may fall into the ambit of cabinet privilege where there is certain material that has been prepared for or considered by cabinet. We try to work as quickly as we can to get as much information out as we can.

As the Deputy Premier indicates, generally speaking, over the last several years, I think the record corporately has been getting better. Certainly I know that's the case for my own ministry. I will take a look at those ministries where occasionally performance is standing still or perhaps moving in the wrong direction, and we'll take the appropriate action to make sure that more effort is placed on meeting or exceeding expectations.

The Vice-Chair: Okay. I'm sorry, your time is up, Mrs. Elliott. Mr. Dean has a way of answering questions in a very detailed manner that eats up the time.

Mr. Ferreira, it's your turn for the next 20 minutes.

**Mr. Ferreira:** Thanks, Mr. Chair. I guess time does fly when you're having fun.

I want to start this round by saying I appreciate the work in getting the answers to the questions I had posed last week. There are a couple that have not yet been answered. Are you still working on those, Ms. Gibson, Mr. Dean, Mr. Smitherman?

Ms. Gibson: If you could remind me again what those

Mr. Ferreira: I asked which ministries have staff working in the Office of the Premier and have the salaries for those staff members charged back to the office.

**Ms. Gibson:** Actually, that's my fault. I was remiss. I did have notes on that on the flip side of my note page. So I'm sorry.

Mr. Ferreira: Oh, okay. If you want to share those now, sure.

**Ms. Gibson:** I would be happy to share those with you. So just to respond to that question—and, as I said, my apologies. They were on the flip side of my notes there.

**Mr. Ferreira:** That's all right. This is your first estimates meeting too.

**Ms. Gibson:** My first estimates. I'll have to figure out a better way to organize my notes so that I can get the members' questions back.

As I had said when I responded to the question before but without full information at the time, in the spirit of fully integrated cost accounting, it is a common practice for costs to be spread across ministries where the program accountability lies. So that same principle holds true here.

The list of ministries that cost-share staffing support for the Premier in his role as leader of the government are as follows: the Ministries of the Attorney General, Community Safety and Correctional Services, Economic Development and Trade, Education, Energy, Environment, Finance, Government Services, Health and Long-Term Care, Municipal Affairs and Housing, Natural Resources, and Northern Development and Mines.

Since the fall of 2003, staff directly supporting the Premier have been reported on the books of the Premier's office and they've appropriately received their paycheques from the Office of the Premier. Our understanding is that this shows clear transparency and accountability for staffing matters, and we can actually support that by documented financial journals to these ministries. Prior to the fall of 2003, it's my understanding that staff who were physically working in the Premier's office weren't reported on the books of the Office of the Premier and were actually paid directly by line ministries.

So my apologies for not answering that question earlier, but I think that's a fulsome response.

**Mr. Ferreira:** Yes. Thank you for that. You listed, I believe, 12 ministries. Is that for the current fiscal year or was that for last year?

Ms. Gibson: That's current and last year.

**Mr. Ferreira:** Has that list of ministries changed dating back to 2004-05?

**Ms. Gibson:** I don't have that information with me. I know that since I've been here for the last year and a half—and I've looked back—it's these 12 ministries.

1710

**Mr. Ferreira:** Could you go back and get a similar list for the last three fiscal years—2004-05, 2005-06 and 2006-07—just for comparative purposes?

Ms. Gibson: Sure.

**Mr. Ferreira:** I do thank you for that. Out of these 12 ministries, how many staff does that represent?

**Ms. Gibson:** It's a global budget for the Premier's office, so it's not specific staff per ministry. It's a charge to these ministries as opposed to a specific staff-by-staff.

Mr. Ferreira: Are the job functions broken down according to the staff that's come through these ministries? Are these individuals working on files in the Premier's office? I'm trying to figure out how the structure works.

Hon. Mr. Smitherman: Maybe I could just try and clarify.

Mr. Ferreira: Sure.

**Hon. Mr. Smitherman:** The ministries provide an amount that informs the Premier's global budget, and the 61 employees—

Mr. Ferreira: So it's not a person, it's an amount of-

Hon. Mr. Smitherman: Yes, that's right, because it's not saying that it's policy staff particularly. Obviously, across the breadth of support in the Premier's office, there are opportunities for ministries to be relying on staff, not just those that would be strictly limited to a policy function.

**Mr. Ferreira:** So the funds that are provided by, let's say, the Attorney General's office—that ministry—may very well go towards the salary of multiple staff members?

Ms. Gibson: Yes, they go towards the global budget.

**Mr. Ferreira:** How do you determine the amount from each ministry? How is it decided to cover those staffing costs?

**Ms. Gibson:** I actually don't have that information. As I said, in the time that I've been here, it's been these ministries.

**Mr. Ferreira:** Are the amounts similar from ministry to ministry?

Ms. Gibson: I didn't actually look into the amounts. Sorry, Mr. Ferreira. I'd understood you to be looking at which ministries they were, but I could certainly go back and look at what the different amounts are.

Mr. Ferreira: Can you get a breakdown on that as well?

Ms. Gibson: Yes.

Mr. Ferreira: Great. Thank you.

I want to go back, Ms. Gibson, to the list of service providers that you were able to provide us with. This comes under the "Services" line item of \$121,600. You mentioned the Compass Group, catering/hospitality. What portion of the \$121,600 is budgeted for that particular contract, for that particular service?

**Ms. Gibson:** I don't have a specific figure on that. The \$121,600 that you're referring to is the projection; it's the estimate. I don't have the actuals for 2006-07 or the budget isn't broken down within the "Services" line to say, "This much is for meeting rooms and this much is for insurance." It's not broken down.

Mr. Ferreira: Or for food and drink.

**Ms. Gibson:** For meeting rooms if there was food and drink involved in a meeting.

**Mr. Ferreira:** You do not have the actuals for 2006-07. Do you have actuals for the previous year?

Ms. Gibson: For 2005-06?

Mr. Ferreira: Yes.

**Ms. Gibson:** We have actuals, yes, for 2005-06. That was the \$95,402?

Mr. Ferreira: Correct, yes.

Interruption.

The Vice-Chair: We're not quite sure what these bells are for.

Interjection.

The Vice-Chair: We'll have to recess for just a couple of moments, everyone., until after this vote, which is a motion—a 30-minute bell. We'll come back here at around quarter to 6.

Interjections.

The Vice-Chair: What do you prefer we do? Can we continue on, then?

Hon. Mr. Smitherman: No, we think that we're to be guided by your original decision and we'll come back at the appointed hour, or we can resume whenever we're next set to resume. It's the rules.

The Vice-Chair: I've made the decision to recess, so we'll come back after the vote.

The committee recessed from 1714 to 1747.

The Vice-Chair: We can call the meeting back to order. You have about 13 minutes to finish up your rotation, Mr. Ferreira.

Mr. Ferreira: Thank you very much. I'll try to pick up where I left off.

The Vice-Chair: I just want to make it clear that if he calls a motion again, we'll adjourn at 6. He may, in fact, do it; I see that he's speaking again.

Mr. David Zimmer (Willowdale): Why would he do that again?

The Vice-Chair: Because he's allowed to. Go ahead.

Mr. Ferreira: Thanks very much. I'm still learning the ways of the place.

Ms. Gibson, I believe that before we were so rudely interrupted, we were talking about the hospitality and catering portion of the "Services" line. You were looking at the 2005-06 expenditures. Do you have those?

**Ms. Gibson:** No, I do not have 2005-06 detailed expenditures for the "Services" line; just the total, \$95,402, that's already on page 14. That's the top-level information that I have with me.

**Mr. Ferreira:** Would you be able to take note of my request to get that breakdown and also for the estimates for the upcoming year?

**Ms. Gibson:** Yes. Just let me be clear, though. For the estimates for 2007-08, it's just a "Services" line, so there's no estimate against different costs within that line. I can look back and tell you actual expenditures for 2005-06.

**Mr. Ferreira:** Are you able to get a breakdown on the estimates for 2006-07 or actuals spent up to a given date?

**Ms. Gibson:** The books aren't closed on 2006-07 yet. Hopefully, they will be shortly. But 2005-06 is definitely closed.

I think you were asking specifically about Compass Group, which is meeting facilities and—

**Mr. Ferreira:** Whichever pertains to hospitality, catering and the like.

Ms. Gibson: I've made a note.

Mr. Ferreira: With regard to other suppliers listed under "Services," you gave us a list earlier. Is that the complete list? You mentioned Pitney Bowes, Compass Group, Aon Reed Stenhouse.

**Ms. Gibson:** The Legislative Assembly, 4 Office Automation—there are a few other ones. Those were examples of some of the common operational costs in the "Services" line.

**Mr. Ferreira:** And that is the complete group from the most recent year that you have the final figures for?

Ms. Gibson: Yes, that's from 2005-06. It's not the complete group; it's some examples of some of the vendors that are more commonly used for the operational costs in the "Services" line. So, for example, Pitney Bowes, 4 Office Automation, Ricoh Canada—those are the vendors of record for the OPS, and they're the ones that are commonly used for things like fax machines and photocopiers, so they're the list of some of the common vendors.

**Mr. Ferreira:** Could you get us a complete list of vendors?

Ms. Gibson: Of all the vendors for services?

Mr. Ferreira: Please.

Ms. Gibson: I can certainly go back.

Mr. Ferreira: I think it would be helpful.

Services such as media training, communications training—does that fall under that particular line item?

**Ms. Gibson:** I don't believe there would be anything in the Premier's office under that line item for services.

**Mr. Ferreira:** Does the Premier receive any kind of training that would fall under communications, media training?

Mr. Patten: Dealing with the opposition, for example.
Ms. Gibson: I can't speak specifically to that, but from the expenditures I've reviewed in the "Services" line, I didn't see any training-related. As I said, they were common operational costs related to photocopiers, faxes, meeting rooms.

Mr. Ferreira: And just so I'm clear, under "Salaries and wages," that's for permanent staff.

Ms. Gibson: That's correct.

Mr. Ferreira: Would costs associated with the Premier's media work fall under another ministry? If the Premier were to receive, and I believe in the past he has received, media training, image consulting—you can describe it in various forms—would that fall under expenses of another ministry? Research and Innovation?

Ms. Gibson: I'm sorry—

Mr. Ferreira: If it's not under the Premier's office—you're saying such an expense would not be under the Premier's office.

**Ms. Gibson:** It's certainly not anything I've seen in the 2007-08 estimates, and it's not something that I'm aware of.

Mr. Ferreira: And in past years?

Ms. Gibson: It's not something that I'm aware of.

Mr. Ferreira: Fair enough. Earlier, I asked about meetings with Mr. Guy and Mr. Warren Kinsella. I'd like to find out the same about Jim Warren. He was the Premier's director of communications. When did he leave?

Ms. Gibson: I'm sorry, I don't have that information.

Hon. Mr. Smitherman: Just as we did for Mr. Guy, we'll get you the sequence. You've had questions about meetings with others. We'll just add him to the sort of general inquiry and as we go through the process we'll report back through the Chair.

Mr. Ferreira: What I'd like to see, if they're available, are records of visits: who was present, what the

subject matter was-

Hon. Mr. Smitherman: I know that the White House has some sign-in process; I'm not sure that the same thing exists here. But we'll endeavour to see what we can get and bring it back through the Chair. That was my attempt at a Lewinsky—

Mr. Wilkinson: We got it.

Hon. Mr. Smitherman: Sorry. It just wasn't funny.

**Mr. Ferreira:** Is there some tracking? Is there a visitors' log in the Premier's office, Mr. Dean?

Mr. Dean: Not that I'm aware of. Mr. Ferreira: Has there ever been?

Hon. Mr. Smitherman: I was a receptionist in the Premier's office in 1986, and at that time I didn't know anything of any such log.

Interjections.

The Vice-Chair: Okay, guys; let the Deputy Premier speak.

**Hon. Mr. Smitherman:** I haven't seen any such thing, but as we make inquiries related to the three questions that you had, we'll see what is available.

**Mr. Ferreira:** My next question is with regard to staff: Is partisan work done in the Premier's office?

**Hon. Mr. Smitherman:** Is partisan work done in the hearts and minds of politicians?

**Mr. Ferreira:** By staff—paid time, paid by the tax-payers of Ontario.

**Hon. Mr. Smitherman:** I think the issue of what is partisan is essentially—you're right, obviously as elected officials, most people would make the judgment that the decision-making processes that we're in, there's a political consideration to that.

Mr. Ferreira: How about this: To advance the efforts and the cause of the Liberal Party.

**Hon. Mr. Smitherman:** I would say no more than the nature of the partisan work that would be going on in a member's office and quite likely considerably less.

**Mr. Ferreira:** So, for example, we know that your federal counterparts had a leadership race last year, and I know that you supported one of the candidates, Mr. Smitherman. It was quite a lengthy process, and two of

the staff members in the Premier's office, the director of issues management and the assistant director of issues management, were involved in that process as returning officers for the delegate selection process. Would that work have second place?

Hon. Mr. Smitherman: This issue has come up before, and the first thing that needs to be said is that even before the federal leadership—or as it was clear that there was going to be a contest, it was made decidedly distinct and clear to everybody who worked around here and to ministers most certainly that the complete expectation, of course, is that the time that people are working is work that they're to do on behalf of the people of the province of Ontario. People have fulfilled that. I think some people would have given a Saturday or an evening or a Sunday playing this role, which is a non-partisan role, in the leadership process; that is, to work as the neutral officials to help to run the process themselves. But no, I know that it was made distinctly clear right from the get-go that no inappropriate activity would be tolerated. I see the member has another question, so I'll stop there.

**Mr. Ferreira:** That directive was communicated to all of the staff in the Premier's office?

Hon. Mr. Smitherman: To the very best of my knowledge, it was communicated through—in my circumstance, it was transmitted through an informal channel. When I say "informal," it means that to the best of my knowledge in my office we didn't do it in writing but certainly made clear to everybody that that was the expectation. Whether there was any written correspondence on that formally, I'm not certain, but we can endeavour to see what might have been out there. But the Premier made his expectation very, very clear to us, which was that activity such as that was not appropriate, and we sought at all times to make sure that was the case.

Mr. Ferreira: When you say, "The Premier said to us," you're talking about the Premier to cabinet ministers?

Hon. Mr. Smitherman: Yes, to members of the cabinet.

**Mr. Ferreira:** And then from the Premier to staff or from you as a minister to your staff, in your case it was done verbally?

Hon. Mr. Smitherman: In my case, my chief of staff was the one who has the obligation. The staff report to her, and she was the one who communicated it. There may have been written communication on it—I really don't know—that laid out the expectations and ground rules. We'll definitely take a look and be able to report—

**Mr. Ferreira:** Could you find out if there was a written directive in the Premier's office?

Hon. Mr. Smitherman: Yes, absolutely. Sure.

Mr. Ferreira: I'm wondering—

The Vice-Chair: You've got time for one quick question.

Mr. Ferreira: How was that directive enforced in your case?

Hon. Mr. Smitherman: I think that the directive is enforced on the nature of reporting relationships. So the expectation is created, and frankly, when the leader gives a directive, the expectation of people abiding by it is very, very high. But responsibility for enforcement would most typically be related to the reporting relationships that people have. So in my office, it would be my chief of staff, as an example. We can, as I said, find out whether there was anything that was written on this subject.

Mr. Ferreira: Thank you.

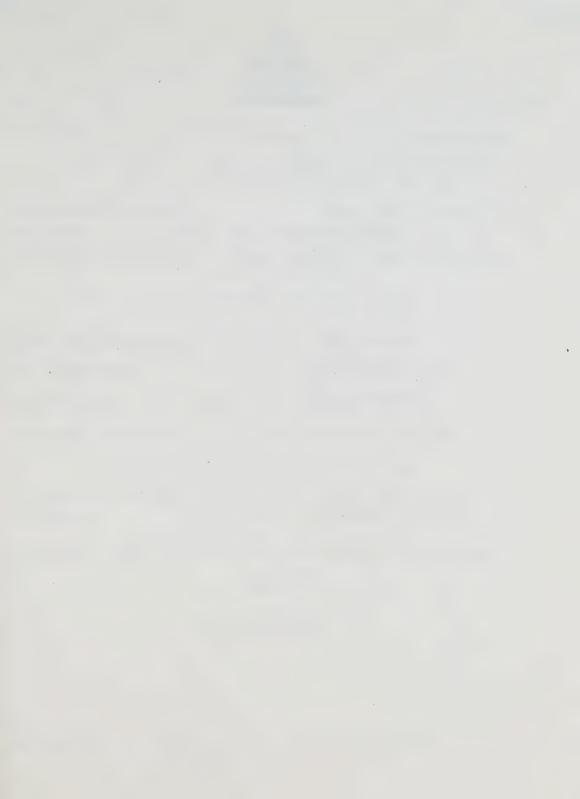
The Vice-Chair: Thank you very much, everyone. Sorry about the delay, that recess for a few minutes.

We'll be reconvening tomorrow afternoon after orders of the day. We have about three hours and 13 minutes left.

Minister, I'd like to thank you for being here today. Mr. Dean, Shelley, thank you so much for being part of this.

We will be in committee room 1 tomorrow after petitions. We're in room 228 today; we will be in committee room 1 tomorrow following petitions. Thank you very much. This meeting is adjourned.

The committee adjourned at 1800.



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## Legislative Assembly of Ontario

Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Wednesday 2 May 2007

Standing committee on estimates

Office of the Premier

## Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

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Mercredi 2 mai 2007

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

### STANDING COMMITTEE ON ESTIMATES

Wednesday 2 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 2 mai 2007

The committee met at 1559 in committee room 1.

#### OFFICE OF THE PREMIER

The Vice-Chair (Mr. Garfield Dunlop): Good afternoon, ladies and gentlemen. We'll call the meeting to order. We're here to resume consideration of the estimates of the Office of the Premier. There's about three hours and 13 minutes remaining. We finished with the third party yesterday; we'll go now to the government side. I'd like to welcome once again Minister Smitherman, the Deputy Premier; Tony Dean, the secretary of the cabinet; and Shelley Gibson, the director of corporate planning for the government.

First of all, welcome, everyone. I'd like to now turn it

over to the government side.

Hon. George Smitherman (Deputy Premier, Minister of Health and Long-Term Care): Mr. Chair, just one small note: Just as yesterday, when we do get around in rotation to the third party, we have answers to some of the questions that he posed yesterday. We'll provide them at that time.

The Vice-Chair: Okay. Thank you very much.

One thing: I heard heckling today that there might be bells this afternoon. If there are bells, we will, if it's all right with the members of the committee, proceed through the 30-minute sections until there's five minutes left on the clock, and then we'll adjourn and go do the vote. Okay?

Thanks very much.

Ms. Monique M. Smith (Nipissing): Is that the normal procedure for when we're having bells?

The Vice-Chair: I'm told the committee tries to work through it, if possible. Yesterday, the first round, I adjourned the committee and we recessed until the bells were over. But in the past, the committee has, in fact, worked through that. But we do have to leave you time to get up to vote and all that.

Ms. Smith: That would be nice.

The Vice-Chair: So five minutes, if we do 25 minutes—

Hon. Mr. Smitherman: Plus to make up my mind which way.

The Vice-Chair: Right: what the decision's going to be.

Mr. Robert W. Runciman (Leeds-Grenville): Just wait until the Premier calls.

Hon. Mr. Smitherman: Just say, "Opposite Runciman," and I'm okay.

Ms. Smith: Thank you. I have a question for Mr. Dean. I wasn't here yesterday—I know; I'm sorry, Minister—but last week when I was here, you talked a little bit about the just-in-time world that we live in, that we're all using our BlackBerrys and that things happen quickly. I think it was around service delivery; you were talking about government reaction times and how that impacts on both the budget and how we acquire services.

You talked about how that has modernized the agenda—sorry. As part of the modernization agenda, you spoke about the policy set within the Premier's office and through the Cabinet Office on addressing or on adopting this just-in-time philosophy. Maybe you could speak a

little bit to that for us.

Mr. Tony Dean: Sure. We touched last week on human resources, on service delivery, both external and internal. Obviously, one of the sustaining core businesses of any government is developing policy and providing policy advice to the government of the day. That's occurring, of course, in a context that is becoming more complex. It's happening locally, it's happening globally, and sometimes at the interconnection between those two worlds. There are changing expectations on policy-makers as a result of that. There is a thirst from the public and from the media for quick answers to often complex, difficult and long-standing problems. That means we have to get better and better at the business of policy development.

We've learned a number of things over the last few years, and we're constantly assessing and changing the approach that we take to developing policy. We learned in Walkerton, of course, that not only can one be surprised by big public health issues, but we also learned how difficult it is to make good policy, if you like, quickly, in the absence of good science and research and data.

Research and information, generally, is absolutely critical to any good policy development; it doesn't matter what it is. If you have good intelligence, good information, it will drive good policy options. Those options speak for themselves. So when I talked the other day about the importance of an enterprise approach to information technology and information management, there's an obvious connection between modern and leading-edge, responsive IM/IT and our ability to develop good policy.

We've learned about risk-based approaches to policy and regulation, where we're focusing government's limited resources on those areas where there is the highest risk and the best public value for the money that's expended, and we're doing that in the world of inspections and enforcement as well. We're learning that policy is not the business of any one ministry anymore, if it ever was, that developing policy cuts across the interests of several ministers and ministries and requires what in the UK they've called a "joined up" or horizontal approach to policy development. We develop policy now across a growing number of ministries.

I think we need, actually, to look beyond those boundaries and start to think about developing policy and regulation across jurisdictional boundaries as well. I'll use the example of environmental assessment, where we find both provincial and federal approaches and regulations and inspections and enforcement personnel that surely could benefit from some rationalization. We find as well that we tend to—as governments provincially, we're all facing similar issues, but we gather research and develop policy separately. So one of the things I've been encouraging my colleagues across the country to do is to share that policy research and some of the policy solutions that we develop.

We're also coming to the conclusion—and this has been the case for the past several years—that you can't make policy and regulations that will stay in place without change for 10, 15, 20 years. We're making policy and regulations that are much more responsive to geographic and sectoral concerns and issues and problems and opportunities, and we monitor them closely because we find that we have to adjust them over time in response to changing conditions.

The profession of policy development has changed a lot. It's an integrative role. Policy developers now in government have to take very large amounts of information, collapse that down very quickly and work to develop sensible policy options. That also means working with our fiscal and communications colleagues so that policy work, fiscal analysis and communications analysis are lined up and are moving through the process together.

If there's one huge change that has occurred internationally in the world of policy in the last number of years, it has been the focus, yes, on research and good policy development, but also how one implements that policy on the ground; that is, how do you make policy changes and regulatory changes bite and make a difference for people outside of government? We've had some mixed success at this. This is an area that our political colleagues obviously have become very, very interested in, because political manifestos generally tend to have become much more specific, outlining not just public policy objectives but numerical targets and results. People want to be measured against the promises that they make. We found Tony Blair to be an early proponent of this, championing a sort of results-based approach to government, and that's something that in the last three or four years we've seen in Ontario as well, with the Premier's approach to his results teams, and we heard the Deputy Premier talk about those yesterday. I won't talk any more about that.

I will say that one of the single biggest breakthroughs I've seen in the last few years has been our ability to find ways to effect change in the broader public sector. Historically, central governments, state governments, provincial governments, are quite proficient at making policy and passing laws and making regulations, but connecting those through to real change on the ground, particularly in the broader public sector, is very, very difficult.

This administration chose two of the toughest sectors, in fact, to effect change in—the health and education sectors—and has, I think, made some significant breakthroughs. I won't say any more about that, because we have one of the people who led some of those changes sitting next to me.

What have we learned about driving policy out, particularly into broader public sector organizations? It takes top-level leadership from the Premier and from the responsible ministry. It takes top-level public service leadership. It takes the creation of an effective moral rallying cry to institutions outside of government to join together with government to achieve certain outcomes. It takes getting some heavy hitters in from the sectors to work with you, people like Alan Hudson in the health world and Michael Fullan in the world of education, conducting baseline measurements so that you know what the current state looks like and so you can measure progress. And, of course, it takes building budgets around key policy priorities, which we've talked about earlier in these proceedings.

For all of these reasons, a lot of jurisdictions are putting time and effort and resources into developing their policy staff and their policy capacity, and we're doing that here in Ontario as well.

Ms. Smith: Maybe I can just follow up on that. You talked about integration with different jurisdictions. As well, you talked about looking to different jurisdictions on their policy development.

The Premier spoke today at the teaching awards of excellence celebration over at the ROM and talked about meeting with the Minister of Education from Great Britain, speaking to the fact that, as a government, we had looked at other jurisdictions in developing policy and now other jurisdictions are looking to us and about how proud he was that the Minister of Education from Great Britain was actually going to be adopting our turnaround team strategy in our Learning to 18 model over there and that we had really become leaders in the field, which is great.

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The other side that I was interested in that you were just speaking about was the rationalization and integration with other jurisdictions that are our neighbours and talking about the Ministry of the Environment. You were talking about the overlap on the enforcement side.

I'm interested too in the rationalization or in the coordination with other jurisdictions. In my particular

area, we have the Mattawa-Ottawa River, which connect and which bound both provinces, Quebec and Ontario. We have a mill on the Quebec side and we have water issues on both sides of the river as it comes down. There's some concern in our community around what's going on there, but again it's another jurisdiction that really has control over the source, if it is a source.

I just wondered if you could expand on how our government is looking at integration with other jurisdictions both from a policy-producing side, and I think you touched on that a little bit, but maybe the nuts and bolts a little on that, and then also on the integration on

the enforcement and compliance side.

Mr. Dean: Sure. Let me first say that it was a great example of the UK education minister coming here. I think it hasn't been too many years ago that we were looking at the UK, Australia, New Zealand and Singapore—right across the Commonwealth—for leading-edge practices. Not just the UK but all of those jurisdictions are now coming to Ontario to look at how we are doing this, and that's true of our colleagues across the country as well.

Interjurisdictional sharing, collaboration, is absolutely critical. We're at a point where, in my view—and not just my view; the view of many of my colleagues in this business—no government can do anything well on its own anymore and shouldn't be expected to do well on its own anymore. It takes working across boundaries, working together towards a common cause, and that I think is true about getting anything tangible done.

We have made some big progress in the last three or four years. The corporate tax agreement with the federal government will see us moving now to one common tax form for both federal and provincial purposes and one set of auditors. We are taking two systems and moving them together. In this case, we're moving our corporate tax administration and compliance out to the federal government. In the other direction, of course, we've taken on labour market development services as part of the labour market development agreement.

Another area we're taking a look at—and this flows all the way through from policy development through regulation development through enforcement—is the world of meat inspections. It's kind of interesting to note that in Ontario, on any given day in a meat processing facility, it's possible, depending on the work conducted and, if you like, the geographic dispersal of the product, to be inspected by a federal, a provincial and a municipal inspector. That does not make a whole lot of sense.

We have been chatting with our federal colleagues about how we can work to rationalize the regulatory approach to meat facilities, how we can rationalize our enforcement approaches, and we have lots of ground to cover there.

That's just one example of how, from our front counters delivering services separately, we're bringing them together through ServiceOntario and Service Canada counters.

We need to have a discussion about critical areas, and we are discussing, particularly with the federal government, particular areas, such as our approach to environmental assessment. We are discussing our approach to inspection, investigations and enforcement.

Just on that, investigations and enforcement, we actually have 13 ministries in Ontario who are in the business to some degree or another of inspecting, investigating or enforcing, and we have brought the staff of those ministries together. We're now doing common training, common risk analysis, risk assessment. They're sharing data. When a potential hazard is identified by an inspector in one area that falls into the jurisdiction of another, we are now able to share that information. There was some legislation that was passed recently that enabled that sharing of information.

These are terrific breakthroughs, but it's really sensible to think about lining up resources, lining up strategies and lining up service delivery in a way that makes sense to citizens, to customers. That's what we've all been trying to do. We've been trying to put ourselves in the shoes of citizens and customers of government services and asking, "What makes sense to the customer in terms of what they want from government?" Of course, what makes sense for most people is that they don't care which level of government provides the service, they just want it conveniently. They want it—if they can—over the Internet. They want it from one government office that's local and accessible, or they want it through one telephone call.

Gone are the days when people are content to walk from office to office, or to make telephone call after telephone call until they find the right place. We're moving in the right direction and we're making some very big improvements.

The Vice-Chair: Thank you very much. We have about three minutes left in this round.

Ms. Smith: I know that some of my colleagues have questions, but because we only have three minutes—you touched on the inspection and enforcement component, and the coordination of the 13 ministries. In some of my work in the long-term care field, we've benefited from that shared knowledge base and it's been very helpful. I just wonder if there is any movement afoot to expand that to some of our other jurisdictions? I'm thinking of the public health inspectors or building inspectors at the local, municipal level. Has any work been done on doing knowledge sharing with those levels of government of the expertise that we've been developing in risk management, risk assessment and inspection and compliance?

Mr. Dean: There has been some work. My sense is that that is very much the next frontier. We have to go there. There are examples of that sort of collaboration. The best one, the area where we've had the biggest impact in government, has been in the world of health and safety, which used to be considered to be just the domain of the Ministry of Labour. We saw several years ago a rallying cry there to everybody in the sector—local governments, the WSIB, local health and safety associations and municipal governments—to rally together around a concerted focus to reduce workplace accidents

and lost-time injuries. There have been massive improvements in that area that would not have been possible without that collaboration across boundaries. There are many more examples and there is lots of fertile ground to do much more in that way.

**The Vice-Chair:** Thank you very much to the government side. Now I go to the official opposition.

Mr. Runciman: How much time, Mr. Chair?

The Vice-Chair: Twenty minutes.

**Mr. Runciman:** Thank you. I am a substitute today, so I may be covering some of the ground that's already been discussed. Minister, it's good to see you here. Obviously, things are going well in the Ministry of Health that you can afford us this time. It's much appreciated.

Hon. Mr. Smitherman: I appreciate your endorsement.

**Mr. Runciman:** I'm sure you do. I'm just curious as well, Minister, since we have you here in your capacity as Deputy Premier: Do you have an assigned budget that falls within the Premier's estimates?

**Hon. Mr. Smitherman:** No. Indeed, as best as anyone knew, any time there's been a Deputy Premier in Ontario, there's never been any additional compensation or budgetary line associated with it.

Mr. Richard Patten (Ottawa Centre): Would you like one?

Hon. Mr. Smitherman: No.

Mr. Runciman: Is there a job description?

Hon. Mr. Smitherman: No, sir.

Mr. Runciman: What did they tell you when they offered you this title?

**Hon. Mr. Smitherman:** That it would provide an opportunity, especially on those days when the Premier is not able to be present in the Legislature, to have a consistent voice available for the government.

Our tradition before that had been to rotate that responsibility amongst a number of front-bench ministers. It was felt that it would be more appropriate to have some consistency in messaging available.

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The only other thing that has really evolved is that from time in time, in circumstances when the Premier is unable to attend an event, I seem like a more appropriate substitute, I suppose. I've been called upon to sub in for a few more events, including one that I had the privilege of doing alongside the swearing-in, the renewal—I'm not sure how you say it—of deputy ministers. So it's been a number of occasions like that.

**Mr. Runciman:** How much time would you devote over a week to this responsibility?

Hon. Mr. Smitherman: It's really, in a certain sense—the envelope of time is what the envelope of time is. Some weeks it's not even particularly—I'm going to be in question period anyway, so I just wear a different hat, so to speak.

**Mr. Runciman:** Okay. I want to talk about a couple of things. These are just things I'm somewhat curious about. I know there was some criticism a year or so ago about the Premier going to a political function, I think it

was, obviously when they can find a government function—and this is not just this government; I'm not being critical. I'm just curious about some suggestion that he avoided gridlock by flying to Hamilton. I don't know if you recall that—

Hon. Mr. Smitherman: I recall that very well.

Mr. Runciman: —taking a government plane to fly to Hamilton so he could avoid gridlock. I think shortly thereafter there was a similar situation flying to Peterborough. Are those costs reflected in the estimates in terms of the use of the government plane by the Premier and/or his staff? Do they show up somewhere in the estimates?

**Hon. Mr. Smitherman:** I think that Cabinet Office might be able to help us with that.

Mr. Runciman: Okay, I think it would be helpful if we could have that information provided.

**Hon. Mr. Smitherman:** As a general matter, and then we can look to see what detail is related to the specific circumstances that you mention.

**Mr. Runciman:** Primarily the government aircraft but also OPP aircraft as well, if that could be incorporated, if indeed the Premier has used either the helicopter or their planes.

How many vehicles are assigned to the Premier's office?

Hon. Mr. Smitherman: We can determine whether there are any particular vehicles that are assigned, but obviously the Premier's transportation is provided by the OPP. To the best of my knowledge, they're generally reluctant to speak about matters related to the security, just in the public sense. Obviously, from an estimates standpoint, the OPP budget would be a matter of estimates in another government ministry. You would know that very, very well.

Cabinet Office will certainly get us an answer as to whether there are any other vehicles there. We did have a chance in earlier discussion to talk about the service line expenditures in the Premier's office, so there is in the Hansard from earlier estimates some description of the service line expenditures from questioning from Mr. Ferreira, just for your information.

**Mr. Runciman:** Okay. When you talk about the number of employees working within the Premier's office, are there others who are not captured by those statistics who are being paid through other ministries of the government who are actually carrying on responsibilities for the Premier's office?

Hon. Mr. Smitherman: No. That was the practice of previous governments, to be very blunt, to have a little bit of difference in terms of the number of people showing up in a phone book versus those who are on staff. Again, we've had quite a substantial amount of questioning.

The Premier's office staff is a complement of 61 individuals. It's paid from a global staffing budget in the Premier's office which, as in past tradition, is made up of the printed estimates that are here and an apportionment of some costs that a variety of—I believe it was 12 line

ministries that also contribute something to the cost of operation in the Premier's office. This has been a long-standing tradition. But the count of 61 is a full and complete count of those in the Premier's office.

Mr. Runciman: Okay. I appreciate that.

This is where I'm probably going to be covering some ground that has been covered before with respect to the OLG situation and the scandal there surrounding winners being ripped off of their winnings. I'm sure, Minister, with respect to the Premier's office and whether or not there's any connection, the fact is that there's a lot of attention paid to the point that individuals who attended a meeting—Mr. Warren, Mr. Guy and Mr. Kinsella—all have some connection, especially Warren and Guy, who were former employees within the Premier's office. I guess that people looking at this from the outside have to wonder if the Premier's office, or someone within the Premier's office, was aware of that meeting and the purpose of that meeting.

Hon. Mr. Smitherman: I think you're going to have to be a bit more specific with me in terms of which

meeting it is that you're referring to.

Mr. Runciman: This was a meeting where they made decisions with respect to how to react to media stories regarding this. We have to assume, since we're not getting any explanations otherwise, that this was done to protect the government. When you have three individuals who are very much involved in the political party, what would their reason be otherwise?

**Hon. Mr. Smitherman:** That meeting, as best as I'm aware, was called by OLG themselves and, to the best of my knowledge, involved no individuals who were in the

employ of the Premier's Office.

Mr. Runciman: That wasn't my question. My question was: Was anyone in the Premier's office apprised of the meeting and that this was going to occur and the justification for it?

Hon. Mr. Smitherman: I will ascertain to get you an answer to that. I wouldn't know that off the top of my

**Mr. Runciman:** I'd also like to know, if indeed they were made aware of the meeting, if they were apprised of the results and the decisions taken at that meeting.

Hon. Mr. Smitherman: In a certain sense, we're all apprised of the results and decisions that were taken because it informed the action plan, which has seen, as an example, KPMG taking a very active role in helping to reorient the mission of the organization. Subsequently, of course, we've all had a tremendous amount of additional information related to the thorough investigation that the Ombudsman was involved in.

Mr. Runciman: There was some suggestion at the time that one of the key recommendations coming out of that was to diminish the validity of Mr. Edmonds's claim and his story surrounding that. That's one of the media reports, in any event. I think it would be interesting to know if the Premier's office was aware that that was one of the results coming out of that meeting.

Hon. Mr. Smitherman: That's pretty speculative by nature, obviously, but as I said, I'll seek to ascertain

whatever I can in terms of knowledge of the meeting or outcomes related to the meeting.

Mr. Runciman: How much time do I have?

The Vice-Chair: You have about 12 minutes.

Mr. Runciman: My colleague may have some questions as well.

Let's talk about the recent problem confronting us in this place, and that is the grants that have been the subject of question period over the past week and a half, monies that were handed out to a variety of organizations, the minister has indicated, without any application process, with no formal approval process and no follow-up audits. Was the Premier's office aware of this granting process and the lack of monitoring with respect to approvals and follow-ups?

Hon. Mr. Smitherman: I wouldn't have information about that. It's the kind of thing that I could take note of and seek to get information back. I believe that the Ministry of Citizenship and Immigration itself has been called for estimates as well, which would be an opportunity to review things from their end. I can seek to see if there is any information on that and report back to this committee.

**Mr. Runciman:** I appreciate that Citizenship is coming before the committee, but I think that would be important information in terms of what role, if any, individuals within the Premier's office played in terms of the decision-making process.

Hon. Mr. Smitherman: To draw the member's attention to a matter that we discussed over the course of estimates—I can't remember which day; it might've been yesterday—talking about the way that, in different circumstances, Premiers' offices or Prime Ministers' offices are seen to have a tighter grip and exercising control where everything is run through centrally. I've spoken about my own personal circumstances, where I could tell you that I've been given a tremendous amount of—trust, I suppose, is the best way to put it—to run the affairs of my ministry. This is the operating norm in terms of our government, but if there's more specific information, I'll seek it out.

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**Mr. Runciman:** I would suggest that perhaps the trust was misplaced with at least one of your colleagues, if that was the case, but we'd certainly appreciate getting that information in a timely way.

Could you perhaps also speak to the relationship between the Minister of Finance and the Premier's office? I know it obviously has to—

Hon. Mr. Smitherman: The minister or the ministry?
Mr. Runciman: The Minister of Finance particularly, especially given his political role. I think it's of interest, the fact that he has also taken on the responsibilities as chair of your re-election campaign. I'm just curious about that relationship. Do they meet on a weekly basis other than the cabinet and cabinet committee meetings? From the perspective of someone sitting in the opposition benches, when you look at some of these decisions—we're talking about a significant amount of money,

\$30 million at least in this fund, and I'm being polite we also saw, during the introduction of the budget, where there was a surprise announcement, not incorporated in the budget papers, of \$50 million to Magna, which apparently was some sort of last-minute discussion. I guess I'm curious just in terms of how much authority the Minister of Finance has within this government versus the Premier's office because, if you'll recall, when you were first elected there was some concern that the Premier perhaps wasn't in charge and that the individual who was given credit for your election by many people was actually the individual making significant and substantive decisions in terms of how the government proceeded. I'm curious about that relationship—if you can perhaps expand on it or talk a little bit about how it works.

Hon. Mr. Smitherman: Well, sure. That spin about who's really in charge is no more sensible today than when it was levelled. Obviously, as you well know from your length of experience and service here, Premiers and finance ministers by necessity have to have good relationships. It's pretty crucial. I think that you would acknowledge that in environments where they are not on the same page it proves very challenging for governments. So I don't think there's any doubt whatsoever that they enjoy each other's trust; they enjoy each other's confidence. I can try and get you a sense of how often they're able to enjoy each other's company, recognizing the nature of the schedules that we are all involved in. But yes, I would imagine that it's fair to say that the Minister of Finance and the Premier of the province of Ontario have a very amicable and close working relationship, by absolute necessity.

Mr. Runciman: Yes. You talked earlier about trust and the relationship you have with the Premier and the degree of trust that he places in you in terms of the decisions you make that impact on the ministry you're responsible for. As someone who has served on the executive council with three Premiers, I guess I find it somewhat puzzling, to say the least, that any minister of the crown would be given, let's say, a \$30-million bank account and just allowed to make individual decisions on who he felt deserved monies that came out of that bank account. Is that the kind of trust you're talking about in terms of the Premier?

Hon. Mr. Smitherman: I must confess, with your experience as a minister in mind, I don't really understand why you would find it extraordinary that ministers are entrusted with the capacity to make decisions. In part, maybe I could just say that there was a year, I think it was 1999 or it might have been 2000, when the government of Ontario's resources were very good. We had a very powerful year of economic growth. A decision was made by your cabinet to use a year-end funding mechanism to put very substantial SuperBuild investments out in a variety of accounts of hospitals, including hospitals that at that point might have had projects coming, but really it was just an opportunity to allocate some resource that was available—the same thing, I

might say, that you've been criticizing us around. I don't know, from the experience inside your government, but maybe you know whether the minister of the day—I think that was Elizabeth Witmer—made those decisions on her own, whether the finance minister made those or whether the Premier's office made them. I don't know. I assume in a circumstance where in my ministry there is a resource, an investment available, people are going to be quite deferential to the perspective that I can offer as a minister, recognizing that the information comes in to me. I think that's about as much as I can offer.

Mr. Runciman: I can respect people being deferential to the minister in terms of his or her advice on these kinds of things, but it seems to me in this case the situation was that the minister was handed a significant amount of taxpayers' money and then was allowed to make individual decisions, apparently, unless there was some other connection which we've been unable to determine because no one is answering the questions with respect to how this money was assigned to a variety of organizations. Despite your suggestion that there is some sort of an analogy to what has happened in the past, I doubt it. I don't think there would be any comparable analogy with respect to the assignment of these monies and the way they were handled.

Hon. Mr. Smitherman: I notice you used the expression "individual decisions" several times. I noted last week that your leader made a speech to the Toronto Kiwanis and he said that in the future, in his government, ministers will no longer have the capacity to make decisions. The bureaucrats will have to make the decisions. You really should take a look at it—

Mr. Runciman: I guess.

Hon. Mr. Smitherman: —because the way it was suggested really ran counter to my understanding of the way things work. If we could draw on something you and I have had the opportunity to exchange ideas around at least four or five times, you have a local project that's very distinct as a local initiative related to the historic role of psychiatric health service delivery in your community. So your community is working appropriately. They're working up a fantastic idea. It's a one-off. It's not the same in most other communities in Ontario. But under the new John Tory model of allocation of resources, if we were to want to do something in Brockville, as best as I can understand what his position has been, we would now say, "Well, there's \$20 million that we wanted to invest in Brockville, but before we do it, we need to let the whole province of Ontario know that we are going to do this thing in Brockville, to see if anyone else has a stronger case to make around it or so we could slice it and dice it and divvy it up."

So just this individual piece—I believe you're pressing forward with a case that doesn't really bear up to the way that you had the privilege of exercising responsibility and as I'm called upon to do on a very constant basis. Members will approach me with one-by-one localized circumstances, and in the new model of doing things according to your leader, ministers will not be able to even address those points.

Mr. Runciman: I doubt that.

**Hon. Mr. Smitherman:** I'll get you a copy of those. I was quite astonished by them too. Perhaps they should have been vetted.

**The Vice-Chair:** We're out of time on this particular round. It's now time to go to the third party.

Hon. Mr. Smitherman: Would you like to get some of the information from your questions of yesterday?

Mr. Paul Ferreira (York South-Weston): Sure. I would welcome that.

**Ms. Shelley Gibson:** I have some of the information from our end for the committee's pleasure. I don't have all of it, but we're still working on that.

You asked for a list of the ministries being charged for the Premier's office staffing costs and you asked for

2004-05, 2005-06 and 2006-07.

Just to take you through the list for 2004-05: Attorney General, Community Safety and Correctional Services, Economic Development and Trade, Education, Energy, Environment, Finance, Management Board Secretariat, Health and Long-Term Care, Municipal Affairs and Housing, Natural Resources, and Northern Development and Mines. So that's the 2004-05 list, which if you refer back to yesterday's response, you'll see is almost identical to the 2005-06 list, with the exception of the name change for Management Board Secretariat to the Ministry of Government Services. So that's one answer for you.

You also asked for a breakdown of the cost charged to each of these ministries. I'm still working on that piece,

so I'll come back to you on that.

We talked a bit about the services line at yesterday's session. We're still working on information around the hospitality and catering services that you were looking for. As you can appreciate, we actually have to pull out every individual invoice from that period that was paid against the services line so that we can get the level of detail of which ones specifically are catering, hospitality. I think those were the specific criteria you were looking for, so we're going to have to get back to you on that.

You also asked for a list of vendors. Similarly, we're pulling together that list and we'll get back to you.

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I believe you also asked us yesterday for the last day of work for Jim Warren. Mr. Warren's last day of employment with the Premier's office was February 10, 2006.

That's the response to a number of your questions from yesterday, and the rest we're working on.

Mr. Ferreira: Very good. I look forward to the responses.

My first question today: With regard to the salaries and wages line, from the 2005-06 actuals to—and I realize these were interim actuals—the most recently completed fiscal year, there's quite an increase: \$220,000, more than 10%. Why such an increase from one year to the other?

**Ms. Gibson:** I'm sorry. The salary and wages line, you're saying, is an increase?

Mr. Ferreira: The 2005-06 actuals—

**Ms. Gibson:** That's page 14 that you're referring to?

**Mr. Ferreira:** Page 14: \$2.15 million. The interim actuals for 2006-07: \$2.37 million.

Ms. Gibson: The interim actuals—at the time that the budget was produced, we estimated that we were going to have a balanced budget, so the 2006-07 estimates are that same figure, \$2,369,100. So we were projecting a balanced budget for that period. We're hoping that the figures are actually going to come in less than that, but the 2006-07 year hasn't been closed yet. Hopefully, the figures will be lower, but we are definitely in line with the estimates.

**Mr. Ferreira:** Do you have partial actuals for 2006-07?

**Ms. Gibson:** The books aren't fully closed yet, but we're very hopeful that—

**Mr. Ferreira:** Are you able to tell us how much has been spent as of a given date?

**Ms. Gibson:** I can go back and look as of a given date, but those obviously wouldn't be final figures, because the fiscal year hasn't closed.

**Mr. Ferreira:** Why would the estimates, then, have been \$220,000 more than the actuals from the previous year?

**Ms. Gibson:** We estimated that we were going to spend what we said we were going to spend when we produced the estimates for 2006-07. I'm not sure why they would be specifically more than the actuals. It could be attributed to staffing transactions in 2005-06. There might have been less staffing.

Mr. Ferreira: It was my understanding from questions earlier that the staffing levels have remained fairly static. Was this—

Ms. Gibson: I believe the specific question you asked previously was around the issues staffing, and that has remained consistent.

**Mr. Ferreira:** Has the 61 head count changed very much over the past couple of years?

Ms. Gibson: I would imagine it has, but I don't have that information with me—just like staffing in any office does fluctuate.

**Mr. Ferreira:** The \$220,000, more than 10%, seems a fairly substantial figure. Could you get back to us and let us know how that figure was arrived at?

Now, on the transportation and communications line, the actuals for 2005-06 were \$216,000. What exactly does that include, what kind of expenses?

Ms. Gibson: Transportation and communications generally, as a standard account, is things like cellphones, BlackBerry charges, travelling expenses, telephone charges like your desk phone and your voice mail, the telecommunications charges. That's generally what those types of expenses are.

Mr. Ferreira: When you say travel, is that travel for the Premier, for his staff—

**Ms. Gibson:** That would be for the Premier and his staff.

**Mr. Ferreira:** So all those employed in the Premier's office.

**Ms. Gibson:** If there were travelling-related charges that were supposed to be in transportation and communications, that's where they would be paid out of.

Mr. Ferreira: And that would include things like accommodations, travel—air travel, ground travel, all those? There was quite a substantial drop; you were estimating to spend only half from one year to the other. What would account for that estimate of a 50% decrease?

**Ms. Gibson:** I don't have the specific figures at my fingertips, but I think the estimates have remained fairly constant, because that's an average operating cost for an office this size. So the actuals may fluctuate, depending on each year, but the estimates are fairly constant.

Mr. Ferreira: What was the estimate for 2005-06 on that line?

**Ms.** Gibson: I don't have that specific figure with me, but I could go find that for you, the 2005-06 estimate for the T and C line.

Mr. Ferreira: You'll get back to us on that, then?

Ms. Gibson: Yes.

**Mr. Ferreira:** With regard to the Premier's travel, air travel that is provided by—is that the OPP?

**Ms. Gibson:** I'm sorry. I don't know the specifics of how his travel arrangements are made.

Mr. Ferreira: Deputy Premier?

Hon. Mr. Smitherman: We have questions pending on the issue of travel. I'm not sure whether any of the Premier's travel is done by the OPP other than ground transportation. So when I refer to travel and the OPP, I'm talking about ground transportation. I believe government services has two—I believe it's two. The Ministry of Natural Resources operates for government service two turboprop aircraft that have been long-standing. An earlier question that we'll get an answer to is the way that those aircraft are utilized, because that was from a question posed earlier by Mr. Runciman.

**Mr. Ferreira:** And the cost to operate and maintain those two turboprops, out of which ministry does that—

Hon. Mr. Smitherman: The Ministry of Natural Resources is the operator.Mr. Ferreira: And does the ministry bill the Office of

the Premier or other ministries for use of the—

Hon. Mr. Smitherman: I can answer to the other

ministries part. I'm not sure whether there's any—

**Mr. Ferreira:** The health ministry: When you use one of those planes, what happens? What's the billing practice?

Hon. Mr. Smitherman: They offer a cost estimate. There's an approvals process for the utilization of the aircraft. It's guarded quite closely, of course. We have to submit a proposal: We give an outline of the flight that's required and a cost estimate for the flight is provided, and the Ministry of Natural Resources bills the line ministries for that service.

**Mr. Ferreira:** And it's reasonable to expect that the Premier's office would operate in the same fashion when it comes to—

Hon. Mr. Smitherman: I don't want to speculate. I've already indicated that we'll get an answer to those

questions for the committee, because I'm just not certain-

Mr. Ferreira: Mr. Dean, would you know?

Mr. Dean: I don't know offhand. I'm sorry.

**Mr. Ferreira:** You'll get back to us on that. These two turboprops, when they're not in use, where are they housed?

**Hon. Mr. Smitherman:** I believe at Pearson airport MNR has a small operation, but I don't know whether they hangar two aircraft there or one perhaps in Sault Ste. Marie, but we'll get you the answer on that as well.

Mr. Ferreira: And when it comes to the-

Hon. Mr. Smitherman: And the other thing I could just tell you about the operation of that, I know that kind of the pecking order is that the Lieutenant Governor is first in line and—

Mr. Ferreira: He has first dibs.

Hon. Mr. Smitherman: Yes.

**Mr. Ferreira:** If both planes happen to be in use and air travel is required, what happens then? Is there a private contractor that provides—

Hon. Mr. Smitherman: The Ministry of Natural Resources, in a circumstance like that, would assist a ministry, if they needed to, to organize a charter service of, typically, a very similar aircraft. I know from personal experience, I did have the advantage of MNR's organization of a charter when they were unable to provide—because I was making a Saturday flight to North Bay—or was it a Sunday? It was Father's Day.

Ms. Smith: Sunday.

**Mr. Ferreira:** It was a Sunday. When the Premier conducts international travel, a turboprop can only get him so far. For example, the trip to India and Pakistan early this year, how was that travel done?

**Hon. Mr. Smitherman:** Well, a turboprop aircraft has very relatively limited capabilities.

Mr. Ferreira: Yes.

Hon. Mr. Smitherman: So maybe if you were making a flight into an adjacent community like in the continental United States, it might be practical, but beyond that—

Mr. Ferreira: But in the case of long-haul travel-

Hon. Mr. Smitherman: Commercial would be the answer.

**Mr. Ferreira:** The Premier would buy a seat on an Air Canada jet, and his entourage?

**Hon. Mr. Smitherman:** Yes. To the very best of my knowledge, yes.

**Mr. Ferreira:** And all of those expenses would be reflected under that transportation line item? Perhaps Ms. Gibson—

Hon. Mr. Smitherman: If the activity is organized on behalf of a government ministry, we'll have to look and see. For instance, if it's a trade responsibility, I'm not sure if there's any distinction in the way those matters are dealt with, but we could certainly make sure we're clear on that.

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Mr. Ferreira: Would it be paid out of the Premier's office and charged back to the relevant ministry, or would the relevant ministry immediately take care of the bill?

Hon. Mr. Smitherman: That's what we'll seek to find out for you.

Mr. Ferreira: I wonder about that, because there's another line there, "Recoveries from other ministries." What is that line, exactly?

Ms. Gibson: Specifically in the estimates briefing

**Mr. Ferreira:** Yes, page 14, my favourite page. I've got lots of scribbled notes on it.

Ms. Gibson: Your favourite page. I should mark page

**Mr. Ferreira:** You should. I've got some Post-it Notes if you want some.

Ms. Gibson: There we go. That's reallocations? Oh, sorry: "Recoveries from other ministries." I see what you mean.

Mr. Ferreira: Recoveries, yes. In the 2005-06 actuals, there weren't any.

**Ms. Gibson:** I can check into that. I believe that's a strict financial term, so it's a different type of recovery, as opposed to a journal recovery. But I can reconfirm exactly what that financial term means. I thought you were referring to the explanations page.

Mr. Ferreira: No. page 14.

**Ms. Gibson:** No, I mean the explanations that are on page 14.

**Mr. Ferreira:** A question that I think would be of tremendous interest to at least a few hundred, if not a few thousand, of the Deputy Premier's own constituents: Does the Premier fly out of the island airport on his travels?

Hon. Mr. Smitherman: I would think that from time to time the Premier and others using the King Air service fly in and out of the island airport. Of course, the island airport is a primary hub for air ambulance services as well.

Mr. Ferreira: What's King Air?

**Hon. Mr. Smitherman:** There are two King Air aircraft. That's the name of the aircraft.

Mr. Ferreira: The MNR's two aircraft.

Hon. Mr. Smitherman: Yes, the turboprop aircraft.

**Mr. Ferreira:** Would it be possible to come back and let us know how many times the Premier and members of his staff flew out of that island airport?

Ms. Gibson: The island airport?

Mr. Ferreira: Yes, the Toronto City Centre-

Ms. Gibson: Okay, I've taken a note of that.

**Mr. Ferreira:** On the "Services" line, I understand you're still working on pulling together the receipts and the breakdown. For the 2005-06 actuals, do you have that breakdown of how the \$95,402 was spent exactly? You had listed off—

**Ms. Gibson:** I gave some examples of types of things that would be in the "Services" line.

Mr. Ferreira: Right: Pitney Bowes, Compass Group, insurance—

**Ms. Gibson:** Yes, but you asked very specifically for the details of the \$95,402 and specifics around the hospitality and catering, so we're going back to pull all those invoices out to get you the details that you're looking for.

Mr. Ferreira: Again, I'm just curious. How are these expenses tracked? How are they filed? It seems to me that it wouldn't be too cumbersome a process to pull out a file and say, "We paid out this much to Compass Group in 2005-06." Again, we're talking about a fairly modest budget of less than \$3 million in total.

Ms. Gibson: It's true that it is a fairly modest budget. I can't speak to specifics of the records management related to the financial files, but the high-level information is pulled out at standard account level, which is what you see here. So we do have to go back to the files and actually pull out all the individual invoices. They may not be filed by services. They may be filed by vendor, they may be filed by-I'm not sure of the specifics of how they're filed, but I do know that to get the hospitality and catering information, particularly, we have to go back and actually pull all the individual vendor invoices, because to speculate—for example, I mentioned Compass Group. If I said, "Compass does meeting rooms," they might also do hospitality and catering. So if I didn't include them in the hospitality and catering list just because I assumed from their name that they were a meeting group, then I'd be giving you inaccurate information. That's why we're going back to actually pull the invoices, to make sure we can get you full information.

**Mr. Ferreira:** Right. We want to ensure that you're able to give us completely accurate information. I can appreciate that.

"Supplies and equipment": Could you let us know what that includes? Again, I see there was an estimated substantial cost savings from the actuals in the 2005-06 actuals. What does that cover?

Ms. Gibson: A number of the cost savings just in general that you've seen over the other direct operating—so all three lines—are related to government efficiency measures that have been implemented over the last several years. The Premier's office is in fact no different than my office or any other office in the Ontario public service where we're trying to support modern, more efficient ways of doing business, so we have—

**Mr. Ferreira:** But you're needing more staff to be able to pull off that efficiency, just by looking at the top line.

Ms. Gibson: I'm not sure that's entirely correct, but to answer your specific question, that's why it looks like there's a reduction. We've kept the lines as close as possible to previous estimates, but we are very hopeful that when the figures come in, they will be less, because we have implemented a number of efficiencies across the Premier's office, Cabinet Office, all government ministries, in support of some of the horizontal exercises to try and save money.

The Vice-Chair: You've got about three minutes left, Mr. Ferreira.

Mr. Ferreira: Thank you, Mr. Dunlop.

**Ms. Gibson:** Did you also ask, Mr. Ferreira, what types of things were in "Supplies and equipment"?

Mr. Ferreira: Yes.

**Ms. Gibson:** Okay, sorry. I missed that piece of your question. So it's things like purchasing office equipment, printed stationery and office supplies, and I think that's why obviously it's a fairly modest budget when you compare it to the others. It's basic office machinery and equipment.

Mr. Ferreira: Right, office supplies and the like. But I'm just trying to figure out, if the actuals in one year were \$63,000—and you don't have the estimates for that year, do you, for any of those lines?

Ms. Gibson: No, not the 2005-06.

Mr. Ferreira: Could you get us those estimates for all those lines?

Ms. Gibson: Yes. I'll add that to the other question you asked.

Mr. Ferreira: It seems odd to me that one year it would be \$63,000 and then the projection for the following year would be only one third of that. Aside from efficiencies, any other possible explanations?

Ms. Gibson: I can look into the details of that. As I said, if we're looking specifically at the changes, for example, between the 2006-07 and the 2007-08 estimates, most of the changes that occur in the lines are as a result of some of the ups and downs from efficiencies and some of the changes in the statutory appropriations. Going back to previous years, I would have to look up that information about what the changes were year to year in each of those three lines.

Mr. Ferreira: The transportation and communications, the services, and the supplies and equipment.

Ms. Gibson: That's correct. Those three lines I'll go back and look up for you.

The Vice-Chair: If you've got a quick question—

Mr. Ferreira: A quick question. Could you also come back to us with the employee head count for the past three years?

Ms. Gibson: The head count for the past three years?

Mr. Ferreira: Yes, please. Sixty-one is the present head count?

Ms. Gibson: That's correct. Mr. Ferreira: Thank you.

The Vice-Chair: Okay. Thank you very much, Mr. Ferreira. Now we'll turn to the government.

Mrs. Linda Jeffrey (Brampton Centre): I, like Ms. Smith, missed the other day, but I was here the first day and was impressed with the knowledge that was explained to us about the Premier's office.

My question is for Mr. Dean. I have never seen anybody so enthusiastic about their portfolio, ever in my life. I was excited by some of the issues that you spoke about the other day. But my question was with regard to the ministry overview that's in the Results-based Plan Briefing Book. It speaks about the Cabinet Office being the Premier's ministry and it talks about the Cabinet Office and how it liaises with the Lieutenant Governor. I think most of us don't really know how that liaison occurs. Is there an issue that you can kind of walk us through, how the Premier's office works with the Lieutenant Governor's office, what kinds of decisions are made and how that works?

Mr. Dean: As you know, to start us off, the Lieutenant Governor is the Queen's representative in Ontario and is the person, really, who is the final approval authority for all of our legislation and most of our regulations, constitutionally a very important role. In my role, for example, I would ordinarily meet frequently with the LG. The LG takes on some special projects. One, of course, has been his literacy campaign, which has been hugely important and has made a big impact: again, a partnership across a number of boundaries. But more commonly, we would set up appointments at least two or three times a week to visit the LG to approve his authorization for the business of cabinet, for regulations and for pieces of legislation requiring his signature. He, of course, is involved in the proclamation process of pieces of legislation and he is also involved in the process of introducing new administrations and indeed new ministers. So where there is a swearing-in ceremony required for a new minister or new ministers, we would ordinarily liaise with him on those matters. It's a very close working relationship. He has a very professionally run office. My office is the main point of contact with the LG's office. If there is a need to coordinate the involvement of the Premier and the LG in an event, which is often the case, there will be liaison directly with the Premier's office.

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More broadly, I think it's important to think about Cabinet Office as the Premier's ministry. As other ministers have ministries supporting them, the Premier's ministry is Cabinet Office. So for purposes of policy support and advice for purposes of communications support, administrative support, support around the machinery of government, the operation of cabinet and cabinet committees themselves, we play obviously a very, very important role. One of the elements of my job, of course, is the cabinet secretary and I'm responsible for ensuring that the decision-making machinery works well, that due diligence is given to important decisions that go to cabinet. And of course I'm responsible for communicating cabinet decisions out to the public service.

So it's an exciting job, a job that I'm privileged to have an opportunity to do, and we've got a really highly motivated group of people working in Cabinet Office. I think they do an absolutely splendid job, and developing and maintaining a strong professional working relationship with the Lieutenant Governor and his offices is just one small part of that.

Mrs. Jeffrey: Thank you. I think Mr. Patten had-

The Vice-Chair: Mr. Patten? Mr. Patten: Yes; thank you.

So we've talked a fair amount about the Premier's office as it regularly, theoretically operates, and because

the Deputy Premier is also the Minister of Health, one thing that may be helpful for people to know is the interfacing of the Premier's office and your ministry. But I'm thinking in times of crisis. We've all heard this, you know, that government is too slow, that it can't respond quickly. I'm thinking particularly of a situation: the evacuation in Lebanon, people coming to Canada. The Canadian government was involved. I can recall you personally being involved. The Premier's office obviously was there; the Premier made statements. That relationship of especially urgency—at some point the Premier's office has to say, "Listen, we're going to respond this way or that way." You've had first-hand experience relating to that. Could you give us some sense of flavour as to how that really works?

Hon, Mr. Smitherman: Two or three points I think might be helpful: First, obviously we came to office as a government following on SARS, a blackout etc. I think those sorts of things really challenge an organization like government to where a whole bunch of ministries might have a piece in the play. Someone's got to be the wagon master and make sure that there is order around the nature of the response. So one of the things we have now is a cabinet committee on emergency management, and part of it has been to test drive—we've actually gamed out some scenarios just to test drive our own internal communications mechanisms. If the nature of the matter is that you have to provide people with confidence about the response and communicate in a timely way with these 24-hour news cycles like that, government really has to find ways to be adroit.

But the Premier's office obviously-we had some questions earlier in this process about the function of the issues manager. I think in a circumstance like the evacuation of Lebanese Canadians, as an example, there were a bunch of ministries that had a piece to play. The Cabinet Office and the Premier's office together quickly assessed the circumstance. Our ministry was asked to step up to the plate because we had an emergency management capacity that was well in place, but several other government ministries-Citizenship and Immigration, Community and Social Services, and Intergovernmental Affairs—all had a piece in this. Intergovernmental Affairs had to liaise with the feds etc. You know, the Premier's office—another way to refer to these, sometimes we call them "those central agency people," and there are expletives that follow but I won't say those because they're unparliamentary. It's in those challenging circumstances where it's possible that there are four or five ministers or ministries sitting there and saying, "Okay, we should do this, do something." It's necessary, of course, to make sure that the central agency pulls everybody together and dictates how the plan is going to go forward. The situation in Lebanon was one of those where that was done, I think, in a very timely way.

I think for all of us in politics we go back to situations like the response in the United States to things like hurricanes. We've all seen that the public expectation of a well-coordinated and timely response is well established,

so we've been trying to live up to that in the Premier's office. From an issues management standpoint, it helps to make sure that everyone is on their p's and q's.

Mr. Patten: You may have a response to that, and also the secretary of cabinet. When you go through experiences like that, presumably there's a review: "How did we do?" I recall in particular the unfortunate period during the SARS experience—I'm anticipating this, and it may sound like a leading question; it isn't—when the attempt was to strengthen the role of the chief medical officer, for example, and to allow the chief medical officer, in the job description, some authority related to protecting the public in the case of certain outbreaks or certain catastrophes, however they may play themselves out. My question is, is there a built-in review or is that something that is instinctive? Who takes part in all of this if it happens? Can you comment on that?

Hon. Mr. Smitherman: I can say as a Minister of Health, because we've had the work going on with the recently passed Justice Archie Campbell, that he produced reports, and they are voluminous. We've been digging to try and keep up with the recommendations and implement them. One of the first things we did was pass a bill that gives greater independence to the chief medical officer of health. Indeed, the Legislative Assembly at present is involved in a process of helping to guide in the selection of a replacement for Dr. Basrur, which is a very challenging role. Obviously, those are big shoes—they're not literally big shoes—to fill.

In terms of a review, I mentioned a minute ago that the Premier created an emergency management committee of cabinet. I have the privilege of serving on that. At our meeting about two weeks ago, there was a report reflecting on the response we'd had to the circumstances in Lebanon. So, yes, there's an attempt made to try and look back and refresh. The language that I use a lot is "apply the lessons learned." If you're forthright about taking a look at it, invariably there are ways that you can do a better job as you go forward, and we should seek to be continuously improving in those processes.

Mr. Patten: Good.

Ms. Smith: Just to go back to Mr. Dean, not to show favourites, but we were talking about learning from other jurisdictions and from our international colleagues. I understand from one of my colleagues that you spoke yesterday about being out of the country in October as a juror of an international policy competition. I just wondered if you could speak to that a little bit, about your role there, and also the role of the province and our policy-makers in these international forums.

**Mr. Dean:** Certainly. Obviously Canada, and I think predominantly Ontario, is seen around the world and held in very high esteem and highly trusted, and we are asked to regularly accommodate visiting delegations and sometimes go to share our expertise with, in particular, emerging democracies. There are lots of examples of that.

In the CAPAM example—this is the Commonwealth Association for Professional Administration and Manage-

ment—every two years some 50 or 60 Commonwealth countries come together to share information, to hear presentations, to hear best practices, and there is also this international public service competition. I was asked to be a juror this past year, and—a couple of things. First of all, I was asked to speak at the conference about Ontario and its modernization agenda. I can tell you that every single Commonwealth administration there was gripped by the work that we're doing in Ontario, on the service delivery side, on the policy implementation and delivery side, and particularly in the area of human resource development. So one stands with a great deal of pride representing this province at international events of that nature.

One of the other nice parts about it, though, of course, is that we're sharing knowledge with countries that are not as well resourced and endowed as Canada. We do have a role, and it's a historical and very important role, that this province and this country play on the international development scene.

The winner of this competition this year was a small project in Indonesia which involved taking Internet technology to a very remote mountainous region of Indonesia that is ordinarily accessible only over a number of days and through a variety of transportation means. An enterprising university project had taken satellite-based Internet technology to a very isolated community and in a very short space of time you had government services being provided, including some remote health care technology, but also opening up education for children in that community in an absolutely new way.

What did I and my colleagues in more developed countries learn from that? The fact that we're now seeing emerging countries leapfrog traditional forms of technology and going right to satellite technology. It was absolutely remarkable to see the impact that that initiative had but, most of all, a huge privilege to be able to take our experience in this province and share it with small developing countries from around the Commonwealth. It's hugely appreciated, and I think we can all take a great deal of pride from the work that we're doing together here in Ontario.

Ms. Smith: Thank you. How much longer do we have?

The Vice-Chair: You have about six minutes in this rotation.

Ms. Smith: At that particular conference, was Ontario represented as—you obviously spoke on behalf of our public service. Were there other public service initiatives that were represented in the competition or on the agenda as speakers? What other areas are we seen as leaders in?

Mr. Dean: There was one-

Hon. Mr. Smitherman: And were they as gripping?

Mr. Dean: One of the finalists was, interestingly enough, a federal-provincial Crossing Boundaries initiative. This is an initiative that is housed here in Ontario and it's an initiative that promotes collaboration across jurisdictional boundaries. This was very highly thought of by our colleagues across the Commonwealth and I

think fell just narrowly short of being in the top three. But I can tell you that anything that Ontario or a Canadian jurisdiction takes to those sorts of fora grabs attention. People want to know more about it. Again, we talked earlier about the UK. I've been involved in sharing some of the work we're doing on modernization with our UK colleagues. Originating in that country, I always feel a particular degree of pride when we take something new and better to our colleagues in Whitehall. I have increasing opportunities to do that given the work that we're doing on the leading edge of public service reform over the last number of years.

The Vice-Chair: You've got about four minutes.

Ms. Smith: Four more minutes?

The Vice-Chair: Yes.

Ms. Smith: Perhaps, since we've talked about the international spectrum, you could talk a little bit on a national basis. You talked about the project that did go to the international conference, where it was, I take it, a federal-Ontario initiative. What about province-to-province? Obviously, we participate in a number of tables at the political level, but from a public service perspective, what kind of initiatives are we involved in or taking the lead in through the jurisdictions here in Canada?

Mr. Dean: I'll give you a couple of examples. One of course is a very graphic and important example, the Quebec-Ontario labour mobility initiative, which is very important in terms of competitiveness. It's an exercise, an initiative that has spanned a number of political administrations, but we've seen some very big break-

throughs in that one recently.

From the public administration perspective, my colleague cabinet secretaries get together a couple of times a year and we share information and best practices. In fact, there was a meeting yesterday which occurred while I was at this table. One of the neat things we've done recently is to establish a national policy and research website so that in fact you can post a policy initiative or a particular area of policy development on that site and obtain very quickly information from across the country so that we're not reinventing the wheel every time we start a policy initiative. There's a lot of excitement across the country around that.

But again, I would say that our provincial colleagues look to Ontario for leadership. They look to Ontario for best practices, and many of the things we do here are picked up and emulated across the country. That's obviously a source of great pride and inspiration for my colleagues who work on and champion those initiatives. I will say, though, that public servants everywhere, at the federal level, our colleagues in BC and Alberta, are recognized internationally as leaders as well. We do some things well; others do some things better. We've got lots to learn from other jurisdictions, and we're always on the lookout for people who are doing something a little better than us, because we want to emulate those best practices as well.

The Vice-Chair: Thank you very much, Mr. Dean, and to the government caucus. We'll now spend the next 10 minutes with the opposition caucus questioning.

Mr. John Yakabuski (Renfrew-Nipissing-Pembroke): A 20-minutes rotation?

The Vice-Chair: We're going to adjourn at 5 to go and vote. We have a vote coming up. You'll do 10 minutes after the vote.

**Mr.** Yakabuski: I have just a few questions. Thank you for joining us today. You mentioned that the Premier's office has 61 staff. How many people in this room are members of the staff of the Premier's office?

Hon. Mr. Smitherman: One, to the best of my knowledge.

Mr. Yakabuski: So are these members of the public?

They've got badges-

Hon. Mr. Smitherman: That's a question I—this is a public meeting open to whomever, but there is one person here from the Premier's office, Mr. Aaron Lazarus. The woman beside him is my issues manager from the Ministry of Health. Not to be rude, but I don't have clue who the rest of these people are, but I believe they're very welcome.

**Mr. Yakabuski:** I'm sure they are, but I don't either. I was curious as to whether they're all on the Premier's staff or not. So no one else is on the Premier's staff here.

One member of the Premier's staff.

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Hon. Mr. Smitherman: No, not to the best of my knowledge.

Mr. Yakabuski: Because they didn't look like interested members of the public. They looked like they were taking notes and involved in the process.

Interjection.

Mr. Yakabuski: Yes, they sure did.

Interjection.

Mr. Yakabuski: Oh, yes, I'm good with that.

**Hon. Mr. Smitherman:** I believe they've been gripped by what they've heard.

Mr. Yakabuski: Probably they were gripped.

You talked about the Premier's travel and his transportation earlier when my colleague was asking about it. First of all, can you provide us with the names of everyone who has travelled with the Premier in the past year?

**Hon. Mr. Smitherman:** You mean like the delegation that was on the India-Pakistan trade delegation?

Mr. Yakabuski: And also when he's travelling with OPP escorts.

**Hon. Mr. Smitherman:** We've already had a variety of questions from your colleague about transportation matters and we'll seek to provide—

**Mr.** Yakabuski: If we could have the names of everyone who has travelled with him in the past year.

**Hon. Mr. Smitherman:** The practicality of that I'm not certain of, but we'll endeavour to get what we can.

**Mr. Yakabuski:** I understand that it's not your field, but if you could at least endeavour to. Maybe Mr. Dean can say whether that's possible or not.

One thing I wanted to ask about: You talked about the fleet of vehicles that the Premier has. How many vehicles

does he have?

**Hon. Mr. Smitherman:** No, I talked about a fleet of vehicles that the Ontario Provincial Police has.

**Mr.** Yakabuski: Yes. You can't tell us how many they have to ferry the Premier around?

Hon. Mr. Smitherman: Firstly, my history tells me that the OPP does not typically encourage discussion of their security measures for public officials. That is the first part, which I said earlier. But yes, we're going to seek to get you as much of that information as is available.

Mr. Yakabuski: You see, when the Premier was addressing the media after the federal budget when they talked about the rebate for fuel-efficient vehicles and the taxes on gas-guzzling vehicles, he was asked about his own fleet. He deflected the question by saying his fleet is E85. I'm wondering if you could provide us with the gas receipts for the fleet of those vehicles to see how much of that fuel is E85, which I know is not widely available. But it would seem to me that he was implying that they rushed that vehicle down to the one or two E85 stations to fill it up and that those vehicles operate on E85 fuel. He was implying that he doesn't use regular unleaded gasoline with a possible 10% content of ethanol. Could we get those—

**Hon. Mr. Smitherman:** Well, I don't know that we can because you're posing questions about vehicle operations of the Ontario Provincial Police.

Mr. Yakabuski: I understand.

Mr. Patten: Take the subway.

Mr. Yakabuski: That was yesterday.

**Hon. Mr. Smitherman:** So within the limitations that I've already expressed, we'll—

Mr. Yakabuski: Because it was the Premier who made the statement. Basically he was implying to the press—

Hon. Mr. Smitherman: The Premier would be speaking to the people of the province of Ontario giving them, I think, the benefit of the doubt about the vehicles that are used for the purposes of his transportation, among other things. You and I know well that over a good period of time now, at least for the last 15 years or so, the OPP, rather than a private citizen, has been providing the primary responsibility for ground transportation for the Premier. Within that limitation, we'll get you whatever information is available. It may be that you're asking about the detailed estimate and operation of the Ontario Provincial Police. I'm not sure what we'll be able to provide on that front but we're going to look into it for you. No problem.

Mr. Yakabuski: You will provide what you can?

Hon. Mr. Smitherman: Yes.

**Mr. Yakabuski:** Thank you very much. I will pass it to my colleague from Whitby-Ajax.

Mrs. Christine Elliott (Whitby-Ajax): If I could address my first questions to Mr. Dean: Yesterday, when we were discussing some freedom of information requests, I believe you indicated that in each ministry there is a coordinator who takes in all of the requests and then determines what to do with them. We talked about it in a variety of situations. I'm wondering about any that might be considered to be politically contentious. Would that be

the coordinator's responsibility to flag those freedom of information requests and to deal with them? What would normally happen in that situation?

Mr. Dean: Well, politically contentious—my own sense, my own knowledge of this is that there are freedom of information requests that might sometimes raise corporate issues, and to the extent that a corporate response or perspective is required that, that might be flagged a little bit more broadly, but I don't think a solely political filter is applied to these things, if that's what you're asking.

Mrs. Elliott: If something was identified as a corporate issue, then how would it typically be handled? What would the coordinator typically do with a question of that nature? What would typically happen at that point?

**Mr. Dean:** I imagine that if the scope of the request arguably went beyond the confines of the institution, usually the ministry or in some cases an agency, it would be flagged for other organizations that might have responsive documents or information.

**Mrs. Elliott:** Would a request of a corporate nature typically make its way to the Premier's office?

**Mr. Dean:** To the extent that the Premier's office might be a responding organization, yes. But other than that, not typically.

**Mrs. Elliott:** It would then make its way up within the ministry to which the request had been addressed?

Mr. Dean: Yes.

Mrs. Elliott: I understand that in April 2006, there was an e-mail that was sent to three individuals in the Ministry of Public Infrastructure Renewal and the e-mail advised that a freedom of information request had been submitted by the CBC, looking at the question of insider wins at the Ontario Lottery and Gaming Corp. I'm not sure whether this question should be directed to you or perhaps to the Deputy Premier. Did the Premier's office become aware of this freedom of information request either at that time or any time thereafter?

Hon. Mr. Smitherman: I had the chance yesterday to put on the record the issue of awareness related to the matter and talked about that in relation to the pending presentation of the Fifth Estate piece. To the best of my knowledge, the transmission of information that's been discussed from the agency and within its reporting responsibilities was a matter that remained there, to the very best of any information that I have. So it was in the fall, in the run-up to the presentation of the Fifth Estate, that awareness was first created, because of the transcript that was created, I believe, from the questions and answers of the OLG official who appeared in that piece.

The Vice-Chair: I think, with that, we can recess and come back immediately after question period.

Thanks very much, Mrs. Elliott. Thanks, everyone. *The committee recessed from 1730 to 1740.* 

The Vice-Chair: We'll reconvene the meeting. I understand the NDP does not really want to use its last 10 minutes today.

**Mr. Ferreira:** Yes. I prefer to have a full 20 on Tuesday when we reconvene after today's proceedings.

**The Vice-Chair:** Okay. So I'll turn it back over to Mrs. Elliott. She has 10 minutes left in her rotation.

Hon. Mr. Smitherman: Are we adjourning at that point, then? Is that your plan?

The Vice-Chair: That was my plan, yes.

Hon. Mr. Smitherman: Okay.

The Vice-Chair: Unless the government—

**Hon. Mr. Smitherman:** I just wanted to make sure I understood what all that meant.

The Vice-Chair: So we've got 10 minutes left.

Mrs. Elliott: If I could just follow along, Deputy Premier, with my previous question with respect to the freedom of information request coming to the Premier's office, would you be able to undertake to see whether that request was actually received in the Premier's office?

Hon. Mr. Smitherman: Which one was that? I'm sorry—

**Mrs.** Elliott: The freedom of information request in April 2006 with respect to the insider wins at OLG.

Hon. Mr. Smitherman: If it was received in the Premier's office?

Mrs. Elliott: Yes.

Hon. Mr. Smitherman: This was a freedom of information request related to the OLG?

**Mrs. Elliott:** Yes. Could you undertake to check to see if it was ever received and provide us with copies of any correspondence in relation to it, if was received?

Hon. Mr. Smitherman: Sure. I must confess, in saying yes, that I don't understand why it would it have been, but yes, we'll undertake to see if it's there.

Mrs. Elliott: Okay, thank you.

Again to the Deputy Premier, I'd like to move forward now to August 2006. We've been advised that there was a meeting that happened in late August 2006 about the issue of insider wins at OLG. The report was that Mr. Wilson Lee, who of course works in the Ministry of Public Infrastructure Renewal, attended this meeting and advised the meeting that the Premier's office saw the issue of insider wins and the CBC program as nothing more than a communications issue. After this was raised in the House, we got some different stories about it, one from Mr. Chin, who said there was no recollection of a meeting happening, and one from Mr. Lee who said that a meeting may have happened. Can you comment, Deputy Premier, on whether such a meeting actually did happen, to your knowledge?

Hon. Mr. Smitherman: I can ascertain to find out. I've heard so many—I've heard this presented in a different fashion as well, so we want to make sure that I offer that with complete clarity. So, yes, I'll get back to you and offer whatever information I can learn about the nature of that—whether that meeting took place—and report back.

Mrs. Elliott: And you can confirm whether it did or it didn't.

Do you have any idea how there would have been a discussion about it just being a communications issue, as opposed to anything more significant, and were you aware of any discussions of that nature in the Premier's office?

Hon. Mr. Smitherman: With the other question pending, I'm then actually into a circumstance where I'd be speculating. So I think it would be better if I didn't do that. I don't have enough information to be able to offer even an informed judgment and I would just be speculating. I don't think that's helpful.

Mrs. Elliott: All right, that's fine. Then, similarly, there's also a report of a meeting happening on October 25, 2006, which Mr. Guy attended, as well as Mr. Kinsella and Mr. Lopinski. Was your office aware of any such meeting? Similar to the previous question: Were

you aware of it in the Premier's office?

Hon. Mr. Smitherman: This is a meeting that I believe I have spoken about in estimates, if not earlier today, then maybe it was yesterday. All I know about that meeting is that it's a meeting that was called by OLG and that as best I can determine, what came out of it was the action plan that included the work of KPMG. Seven points, I think, were associated with that. That's the information I have. I don't know what else would be available.

**Mrs. Elliott:** Would you be able to determine from the records whether the Premier's office was aware of this meeting taking place in advance of October 25?

Hon. Mr. Smitherman: We can certainly search to see what information would be available, but I could imagine in a circumstance dealing with my own ministry that in lots and lots and lots of circumstances we're working away on issues and there isn't a formalized mechanism by which we let people—you know, say we're calling together some people to work on this, that or the other thing. We'd be doing that constantly without any line of communication or proactive information stream. But we can certainly see if there is any further information particular to the nature of that meeting.

Mrs. Elliott: I guess this is a somewhat similar question: any communication that there would have been between the Premier's office and the ministry of infrastructure renewal with respect to OLG from the time that

the CBC program aired forward.

Hon. Mr. Smitherman: I think the issue of communications from the ministry, when it's the ministry communicating—it would be more appropriate that they would be communicating, perhaps in the mechanisms that Mr. Dean has spoken about before. I'm not sure whether he might have something more to offer on that. You were looking at it particularly from the time after the airing of the Fifth Estate piece?

Mrs. Elliott: Yes, and more generally, what was the reaction of the Premier's office, and what happened as a

result of that reaction?

Hon. Mr. Smitherman: I think the actions that were informed have been discussed quite openly and relate to

the seven steps, and the KPMG piece most certainly was significant amongst those. We could perhaps give you more—I know Minister Caplan has spoken quite a lot about those particular steps, so I'm not sure if you're looking for more information on that.

Mrs. Elliott: Specifically the correspondence, notes of meetings, anything else that happened after the program aired and the Premier's office became aware of the situation, and communications with the ministry thereafter. Similarly, Mr. Dean, the interaction of your office as a result of the CBC program. I think you've already indicated that you sort of let the process happen after that. Is that correct?

**Mr. Dean:** Yes, that's correct. As I said, by the time I was back in the country, we had the Ombudsman fully engaged and one doesn't want to do anything other than to support that process and prepare to do whatever comes out of it. So that's correct. I think I've been as fulsome as I possibly can in that area.

Mrs. Elliott: How much more time is there?

The Vice-Chair: I've got about three minutes left.

**Mrs. Elliott:** With respect to the interaction with the Ombudsman, Deputy Premier, can you let us know what kinds of communications, if any, the Premier's office received as a result of his inquiry?

Hon. Mr. Smitherman: Yes, of course. We'll add that to the list. Mr. Dean will correct me if I'm wrong, but I think that at the point in time that the Ombudsman initiates an investigation, inquiry, the development of a report, they're dealing either with the agency directly or with the line ministry, not back to a central agency of the government. So in a circumstance where the Ombudsman might be doing a review of something pertaining to the Ministry of Health and Long-Term Care, all of his dealings have been with my ministry, as opposed to working through central agencies. I assume that's the way it's dealt with at all times, that the relationship the Ombudsman establishes is not with the central agencies but rather with those that have—unless it was perhaps something that they had direct responsibility for. More typically, they'd be dealing with the line ministry that was responsible for the agency or the agency directly. So I don't think there would be anything but, again, we'll take a look and if there is anything, we'll bring it back to the committee.

Mrs. Elliott: Very good. Thank you.

The Vice-Chair: Anything else?

**Mrs. Elliott:** No, I think that's it for today. Thank you.

The Vice-Chair: Okay. We don't have any more comments from the official opposition, and the NDP will begin at the beginning next Tuesday after petitions.

Thank you very much for your co-operation this afternoon. Thank you, Minister, and Tony and Shelley.

We're adjourned until next Tuesday after petitions.

The committee adjourned at 1750.





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# Legislative Assembly of Ontario

Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Tuesday 8 May 2007

Standing committee on estimates

Office of the Premier

## Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

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Mardi 8 mai 2007

Comité permanent des budgets des dépenses

Cabinet du premier ministre



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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 8 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 8 mai 2007

The committee met at 1622 in room 228.

#### OFFICE OF THE PREMIER

The Chair (Mr. Tim Hudak): I call the committee on estimates to order. We are here to resume consideration of the estimates of the Office of the Premier. There's a total of one hour and 32 minutes remaining. Members will recall that when the committee was last adjourned, the official opposition had completed their 20-minute rotation. That means that we will start with the third party for 20 minutes, followed by the government for 20 minutes. The remaining time will be apportioned amongst the recognized parties of the committee, which looks like approximately 17 minutes per caucus, and then we are concluded.

I will begin with Mr. Tabuns of the third party.

Hon. George Smitherman (Deputy Premier, Minister of Health and Long-Term Care): Mr. Chair, in keeping with past traditions, at the beginning of questions we have some answers to questions posed by the third party. Would now be the appropriate time for us to offer those, at the beginning of Mr. Tabuns's presentation, as we've done on other days?

The Chair: They'll be relatively brief?

Ms. Shelley Gibson: Yes.

The Chair: Please go ahead. Thank you.

Ms. Gibson: One of the questions that was tabled by Mr. Ferreira at the last meeting—he asked about the number of staff in the Premier's office in 2004-05, 2005-06 and 2006-07. The staff as at March 31, just taking a snapshot at fiscal year-end: 2004-05, 59; 2005-06, 52; 2006-07, 60.

Mr. Ferreira had also asked for some detailed information a couple of sessions ago regarding costs for catering and hospitality in 2005-06. As I had mentioned in the last session, in order to get that level of detail, we actually had to go back and review each individual invoice in the services category. We've done that. Based on that review, I can confirm that the 2005-06 expenditures for hospitality and catering to support business meetings related to the Premier's office is \$13,545.96.

Mr. Ferreira had also asked for a list of the vendors in the services category, so as requested, I'm coming back with that list. It was in relation to the \$95,402 that's shown on page 4 of the 2007-08 results-based plan briefing book for the Office of the Premier. As I mentioned in previous sessions, expenditures in the services list include such things as office machines and equipment rental, hospitality and catering, meeting room rentals, communications and events support services, as well as vehicle-related charges.

The list of vendors includes—I'll try to be brief but there are a number of them—4 Office Automation, PitneyBowes Canada, Ricoh Canada, Compass Group Canada, Sodexho, What A Bagel, Imperial Coffee, Metro Toronto Convention Centre, Château Laurier, Holiday Inn, Toronto Marriott, AVW-TELAV Audio Visual Solutions, Isdale Ryane Inc., Intelliprompt teleprompting systems, MEDIACO Network Production and Communications Inc., Presentation Services, Audio-Visual Executive Express, Daniel Grant, Showtech Power and Lighting, Canadian Bar Association, Law Society of Upper Canada, Ministry of Transportation and the Legislative Assembly of Ontario.

Another question that Mr. Ferreira had asked in one of the previous sessions was how the \$2.3-million salary and wage estimate was arrived at for 2007-08. It's on page 14 of the 2007-08 results-based plan briefing book.

Mr. Peter Tabuns (Toronto-Danforth): Page 14?

Ms. Gibson: Page 14, yes. So it was the figure specifically—the \$2,348,500. We've gone back and reviewed printed estimates since 2002-03, and you'll see that the salary and wage estimate for the Premier's office has consistently been around \$2.3 million. In fact, it has reduced slightly over the past couple of years. As you can appreciate, salary and wages is a fluid expenditure. In any organization there's a normal amount of staffing change and turnover, and given that we've maintained the \$2.3 million as an estimate going into 2007-08—the only change between 2006-07 and 2007-08 estimates was the reduction of approximately \$20,000 to offset the increased statutory appropriation costs.

Another question that Mr. Ferreira had asked was the 2005-06 line-by-line estimates for the ODOE accounts. On page 14 it gives the actuals, and Mr. Ferreira had asked for the estimates. So I've pulled out the 2005 printed estimates book and confirmed the breakdown of the other direct operating expenditures as follows: transportation and communications, \$112,400; services, \$126,800; supplies and equipment, \$20,100.

Only two more questions that Mr. Ferreira had asked: He had asked, I believe at the last session, if the amounts that were charged to each ministry to support staffing costs were similar; I've gone back and looked now, and they are. Each ministry pays approximately \$198,000.

With some minor variations, this has been the case since 2004-05. I had already read the list of ministries in a previous session.

The last question that I believe was asked both by Mr. Ferreira and Mr. Runciman was information related to MNR air travel. There were various questions related to air travel about the Ministry of Natural Resources fleet. My staff have spoken with MNR and I'm able to give a little bit of information to the committee members, so hopefully this is helpful.

The Ministry of Natural Resources is responsible for providing or arranging non-scheduled air services for the Ontario government. This includes executive flight services for the Premier's office, as well as, for example, the Office of the Lieutenant Governor. Flights are arranged in order to ensure cost-effectiveness without compromising safety and security. MNR maintains the allocation for these executive flight services. MNR operates two King Air 350 aircrafts that are well-suited to providing executive flight services. These aircraft are based in Toronto and Sault Ste. Marie respectively. I understand that the basing of the aircraft in two locations is done in order to save costs and provide operating flexibility.

I think I've covered a number of questions, not exactly as briefly as the Chair may have wished.

The Chair: Outstanding, Ms. Gibson. Thank you very much for reporting back. Deputy Premier, that concludes the report-back part? Yes.

We'll go to the third party. Mr. Ferreira, you have 20 minutes of time in this rotation.

Mr. Paul Ferreira (York South-Weston): Thank you very much, Mr. Chair. I want to thank belatedly my colleague from Toronto-Danforth for filling in for me ever so briefly.

Mr. Richard Patten (Ottawa Centre): Excuse me, Mr. Chair. That time comes out of the time, I believe, of the third party by virtue of the questions having been posed and the responses back to that party's questions. 1630

The Chair: Yes. Thank you for reminding me. You're absolutely correct: That time does come out of the third party; the response was to a third party question. Mr. Tabuns had asked for the response. My apologies. You have 13 minutes left on the clock.

**Mr.** Ferreira: Thank you, Mr. Chair. Time is precious. I want to thank Ms. Gibson for getting back to us on a few of those questions.

I want to follow up on a couple of the answers. The catering item for 2005-06 was a figure of \$13,545—

Ms. Gibson: It's \$13,545.96.

Mr. Ferreira: And 96 cents. Thank you.

**Ms. Gibson:** I told you we had to go back and look at each invoice, so I got it right to the decimal point.

**Mr. Ferreira:** I commend you for your effort, and I hope I didn't take up too much of your time this weekend.

The list of vendors that you rattled off there—I'll ask about a couple of them. What is Château? What is that or who are they?

Hon. Mr. Smitherman: Château Laurier.

Ms. Gibson: Château Laurier.

Mr. Ferreira: And that was for accommodations, hospitality—

Mr. Patten: It's in Ottawa.

**Mr. Ferreira:** I'm well aware it's in Ottawa—the capital city of Canada, Mr. Patten. It used to be Bytown, right?

**Ms. Gibson:** I can tell you for sure which ones on the list are hospitality and catering, having gone through them in great detail; the other ones I can only speculate at. I would assume, because meeting room rentals are included in the services category, that this would be for the purposes of a meeting room.

**Mr. Ferreira:** How much money was spent at the Château Laurier?

**Ms. Gibson:** I don't have the detailed figures. I brought the list of vendors. That was what I understood to be requested, not the specific level of detail.

**Mr. Ferreira:** Oh, not the vendors that are on this list that you've given us.

**Ms. Gibson:** Sorry. This is the list of vendors. I didn't bring the financials—I brought the financials for the hospitality and catering that you asked for specifically.

Mr. Ferreira: For 2005-06? Ms. Gibson: That's correct.

**Mr. Ferreira:** Were you able to look up 2004-05 as well?

Ms. Gibson: For hospitality and catering?

Mr. Ferreira: Yes.

Ms. Gibson: No, I'm sorry. If that was a question, I missed that.

**Mr. Ferreira:** I was hoping that you had. What about the interim actuals for 2006-07 on the hospitality and catering?

**Ms. Gibson:** No, I'm sorry. As I said, the books still aren't finished on 2006-07.

Mr. Ferreira: All right.

**Ms. Gibson:** We've got the estimates that are the interim actuals that we've reported in the Ontario budget. Those are the ones—

**Mr. Ferreira:** Which dollar for dollar match the estimates for the year. That doesn't really give us an accurate snapshot of where we actually are.

I want to move on to the Premier's travel. Is his ground transportation provided by the OPP?

Hon. Mr. Smitherman: We confirmed that last week when we had those questions. I said that ground transportation for the Premier has for some time now been provided by the Ontario Provincial Police. I suspected that they would not be particularly partial to discussions of how they go about that, and I can confirm for members of the committee that it was the preference of the OPP that a discussion of the Premier's ground transportation not be a subject of particularly intense public discussion, just from caution with respect to security.

**Mr. Ferreira:** I can appreciate that, and I'll try to keep my questions to a scope that doesn't interfere with the security concerns.

The cost for that ground transportation: Is that borne by the OPP or by the Premier's office?

**Hon. Mr. Smitherman:** To the very best of my knowledge, it's borne by the OPP.

Ms. Gibson: I would imagine that would be correct.

Mr. Ferreira: Does it get charged back to the Premier's office?

Hon. Mr. Smitherman: No.

Mr. Ferreira: And the driver or the chauffeur?

Hon. Mr. Smitherman: It's not a driver; I believe it's an officer.

Mr. Ferreira: And how many vehicles are in the Premier's fleet?

Hon. Mr. Smitherman: This is the nature of questions that, as best as I'm informed, the OPP was not partial to a public conversation around. It may be a matter that we're able to arrange a personal briefing for you around. I could contemplate that, but for now we'd prefer to abide by the advice that they offered.

Mr. Ferreira: Fair enough. Air transportation—and I'm sorry I missed it. Were you able to find out how many times the Premier flew out of the Toronto City Centre Airport, more locally known as the island airport?

Ms. Gibson: No, I don't have that level of detail.

**Mr. Ferreira:** Are we able to get that information any time soon? Today's the last day of—

**Hon. Mr. Smitherman:** The operation of King Air is a matter of the Ministry of Natural Resources and does not pertain particularly to the budgetary allocations of the Office of the Premier.

The Chair: As Chair, I think it's a relevant question, and I'd ask that if you can't reply today, try to respond in terms of the Premier's office or particular minister's use of these planes. I think it's relevant to the discussion.

**Hon. Mr. Smitherman:** He didn't even ask about ministers' use, and now you're defining his question more broadly than he even asked it.

Mr. Ferreira: Well, no, Mr. Smitherman. I did ask about that last Wednesday, if you take a look at the Hansard. I did ask about other ministers and senior officials in the Premier's office using the King Air turboprops, I believe they are. If we could get that sometime in the future, I think that would be helpful.

If I'm to understand this correctly, it seems that all of the travel expenses are picked up by other ministries or other agencies of the government—the OPP, the MNR. So which of the Premier's travel expenses exactly are covered under this particular line item of transportation and communication?

Ms. Gibson: If there's a lead ministry that's associated with an event or a meeting, that lead ministry would pick up the cost in order to keep the costs all reported together. Anything that remains in the Premier's office would be directly related to a Premier's office expenditure. So I would imagine, when you asked about Château Laurier, for example—if that charge remains on the Premier's office books for a meeting, that would be related to a Premier's office meeting as opposed to one related to an event that a ministry might pay the costs for.

Hon. Mr. Smitherman: Also, there would be circumstances where, in the operation of the Premier's office, a

commercial purchase would be required to support staff and, I assume, from time to time, the Premier as well.

Mr. Ferreira: Such as trips abroad and whatnot?
Hon. Mr. Smitherman: Well, not just that. I think

Mr. Ferreira: Long-haul domestic.

Hon. Mr. Smitherman: And even shorter domestic flights, where appropriate.

Mr. Ferreira: Ms. Gibson, in the 2005-06 actuals, of the \$216,548 that was spent under transportation and communications—do you see that?

Ms. Gibson: Yes. You're on page 14, right?

**Mr. Ferreira:** Page 14; my second-favourite page. What portion of that was specifically for transportation?

Ms. Gibson: Sorry, I don't have that level of detail.
Mr. Ferreira: I thought you had, in being able to

**Mr. Ferreira:** I thought you had, in being able to answer the previous questions.

**Ms. Gibson:** No, the previous questions were specifically related to hospitality and catering in the services category. That was the specific question I took away from either the last session or the session before. I'm sorry, I didn't understand—

Mr. Ferreira: I must say, I'm a little bit frustrated. I would expect that the witnesses would plan for the questioning that would come from those of us on this committee. I would have the expectation that plans would be undertaken to have that information readily available when you're before the committee. I'm disappointed that it's not.

Mr. Chair, I don't know if that's the normal course of practice around here, but I would have expected that in order to ensure that our valuable time is used as productively as possible, the witnesses would come with information that would assist us in our questions. I'm disappointed and frustrated that that's not the case today, after a five-day intermission since our last sitting of the—

**Ms. Gibson:** I would offer my apologies to all the committee members. This is my first appearance. I'm sorry if I wasn't as prepared as I should have been for this. I will have certainly learned from this experience, should I have an opportunity to come before this committee again.

Mr. Ferreira: We've learned over the past five days of sitting on this committee that perhaps the briefing process in the Premier's office with regard to the Ontario Lottery and Gaming Corp. scandal was lax and that poor judgment may have been employed. I would suggest that this may be another example of that. But anyway—

Hon. Mr. Smitherman: I guess that's the royal "we," is it? You're the voice for the—

**The Chair:** Mr. Ferreira has the floor. I don't think he's asked a question.

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Hon. Mr. Smitherman: Was that not a question?

Mr. Ferreira: No. I was making a statement, Mr. Smitherman. But thank you.

**Hon. Mr. Smitherman:** I thought the "we" invited us all to offer an opinion since you're only one.

Mr. Ferreira: Mr. Smitherman, I think I have the floor, and if I—

Hon. Mr. Smitherman: I'm just filling the void, waiting for a question.

Mr. Ferreira: Mr. Smitherman, how many times have you flown out of the island airport in the past 12 months?

Hon. Mr. Smitherman: I don't have that information at hand. I try, to the very greatest extent possible, to avoid the island airport because I'm not one of those who prefers its operation. On occasion I have, but very, very rarely, is the best information that I could offer.

Mr. Ferreira: Ms. Gibson, with the list of vendors that you provided for us earlier, I can pick out a couple of them, Pitney and Ricoh being office equipment. Imperial—is that Imperial Oil or is it Imperial Coffee—

Ms. Gibson: Imperial Coffee. That would have been one of the vendors that would have contributed to the catering and hospitality cost of \$13,545.96.

Mr. Ferreira: And which were the other vendors?

Ms. Gibson: Compass Group, Sodexho and What A Bagel.

Mr. Ferreira: Sodexho—and what was the other one? Ms. Gibson: Compass Group, Sodexho and What A

Ms. Gibson: Compass Group, Sodexho and What Bagel.

**Mr. Ferreira:** Do you have available the number of functions or meetings or events where that \$13,545 would have been consumed?

Ms. Gibson: No, sorry. I didn't count up the number of invoices or expense claims.

Mr. Ferreira: Would you be able to get that for us?

Ms. Gibson: I've made a note of that.

**Mr. Ferreira:** Would that amount include alcoholic beverages provided by Compass or Sodexho or Château Laurier?

Ms. Gibson: I don't know this for a fact, but the vendors that I recall from coming up with the \$13,000 figure were Compass, Sodexho, What A Bagel and Imperial Coffee. So I would imagine that the Château Laurier is not a hospitality or catering charge, because it isn't in the list of those vendors. Given that, it would probably be for a meeting room rental, which wouldn't be related to alcoholic beverages.

The Chair: Mr. Ferreira, that does conclude that round of questioning. It's time for questions or comments from the government members. We'll go until five minutes to, and then we will recess for the vote.

Mrs. Linda Jeffrey (Brampton Centre): I had a question for Mr. Dean. I enjoyed his eloquence the other day, and I had another question based on what he was saying. I was trying to think of something I could ask him that could get the information I was looking for, and I began to think about when we first came to office three years ago and we were surprised—horrified, actually—to find we had a \$5.6-billion deficit. We pledged that under our watch we wouldn't leave any other government with that kind of a deficit.

Deficits of this magnitude certainly prevent governments from being able to make good decisions and spend money on health care, education and infrastructure, and certainly tie their hands regarding being able to make future decisions when they don't have the resources they think they're going to have when they arrive in office. So

in our term of office we passed a piece of legislation, the Fiscal Transparency and Accountability Act.

Mr. Dean, you clearly have a thorough knowledge of how government works, and public service. From a civil service perspective, have you ever seen this kind of legislation proposed before? Your thoughts on that?

Mr. Tony Dean: Thank you for the question. I'd like to just start, if I could, on behalf of my colleague Ms. Gibson, to say to the committee that Ms. Gibson and others of us at this panel have made an effort to bring as much information in as timely a way as we can to this committee. I think the record will show that at almost every session we have started the process by providing fairly fulsome information, and we did the same today. I recognize the graciousness of Ms. Gibson's apology, but we are doing the best we can to bring as much pertinent information to this committee as we possibly can, and we'll continue to do that.

I'm very happy to answer the question and will do so directly. No, in my experience, I have not seen this degree of transparency in government before, particularly in the process of developing the budgets.

We have, for the first time in the history of the province, a pre-established election date, which in itself puts more predictability, certainly from a public service and public administration perspective, into the planning process than we've ever done before. That predictability has allowed us, I think, to work within the intent and spirit of the new fiscal accountability and transparency requirements.

The Fiscal Transparency and Accountability Act is without precedent in the country in terms of the degree of disclosure at the end of a mandate of the fiscal picture for the province. It has requirements that go beyond anything we've seen before in terms of accountability and transparency in building budgets and making budgets in Ontario. My sense is that this will be looked at as a model by other jurisdictions.

I can certainly say that the requirement that there be in the fall economic statement a report on tax expenditures is an OECD, and therefore, obviously, an international, if not global, best practice. It's sort of reflective of where we're trying to go as a government, because we want to be as transparent and accountable as we can.

I'm just going to touch briefly—you know that the key requirement of the legislation is the preparation of a preelection report. We saw that tabled on April 23. That provides not only an unprecedented degree of transparency but it also asks the Auditor General to provide an opinion on the reasonableness of the budget, based on the economic forecast used, estimates of revenues and expenses, and the ratio of debt to GDP. We're currently waiting for the Auditor General to opine on the reasonableness of that report. It will be a first.

I would also point out that that report I think is a highly educational document in the sense that in a very concise and plain-language sort of way it outlines the way that budgets are made and built in Ontario and makes the process of planning for budgets much more transparent to the public than we've seen in the past. I

think it's fair to say that most regular Ontarians probably don't pore their way through budget documents, but certainly that year-end report or pre-election report is a very accessible budget.

The act also stipulates that for each fiscal year the executive council must plan for a balanced budget unless there are extraordinary circumstances, and we've certainly seen that bar met. Of course, there must be a prudent debt-to-GDP ratio, planning for an annual balanced budget, a regular cycle for reporting financial and economic information and a requirement that each year the minister release a multi-year fiscal plan in the budget papers that are laid before the assembly.

I could go on. There are other features to this legislation that I think are very important. But the bottom line, in terms of a response to your question, is, no, we haven't seen this breadth and depth of accountability and transparency in the fiscal world before. It is breaking new ground.

Mrs. Jeffrey: Do we have more time?

**The Chair:** We're going to break in two minutes and 48 seconds. You have time for a quick question.

Mrs. Jeffrey: I have a supplementary, so maybe you can think about it while we have our break. Can you walk me through the process of how the new law transformed the public service and how it changed the way you do your job?

Mr. Dean: Certainly I can, and in the break I'll give more thought to that. I will say that the presence of a known election date probably is one of the biggest factors in changing the work of the public service. In the past, around this time in a mandate, we were guessing about whether we were working on a penultimate budget or a final budget of a mandate. To take that guesswork out of the business of public administration by a well-telegraphed, if you like, election date, has significantly improved our ability to plan, to forecast and to prepare for the degree of transparency that is required under this new legislation.

I'd be happy, when we come back, to talk about that planning process, how we do that and the very hard work that public servants put into that. Of course, behind every piece of government business—every decision, every regulation, every piece of legislation—is an enormous amount of work provided by the professional public service. As you know, I'm always looking for opportunities to talk about that, so thank you.

Mrs. Jeffrey: Thank you, Mr. Dean.

The Chair: Okay, folks, we will recess the committee for the vote taking place in the assembly on the motion from Mr. Ferreira. We will reconvene the committee immediately after the vote. We are recessed.

The committee recessed from 1652 to 1701.

The Chair: All right, folks, members of the committee, Deputy Premier, Secretary of Cabinet, we are back in session. We had left off with 11 minutes on the clock for the government members. Then we begin our 17-minute rotations. Ms. Jeffrey, you had the floor.

Mrs. Jeffrey: I think we were hoping that Mr. Dean could walk us through the act and how it impacts his

employees, and he was going to give it some thought as to how to answer it.

**The Chair:** There you go. Mr. Dean, after some consideration during the vote, you have more to add?

Mr. Dean: I have a couple of quick things that I might add. Some other key features of this legislation are as follows: The budget must address the fiscal year of the budget and the following two years. So now we're looking out further than we have in the past. It must include Ontario's fiscal policy objectives for the period of the plan; it must include a comprehensive assessment of the risks that could have a material impact on the economy or the public sector during the period of the plan; and if a deficit is anticipated, the details of the recovery plan must, of course, be included.

That legislation has also made the budget-making process itself much more transparent. There is a requirement for a mid-year review. That must include a description of the key issues that should be addressed in the next budget, and that's of course provided in the fall economic statement. It must include information about the estimated cost of expenditures that are made through the tax system, which I just talked about a few moments ago.

There must also be details of how the public can participate in the pre-budget consultations so the people of Ontario have a chance to say how their money should be spent, but also to indicate the key areas that the Ministry of Finance is interested in.

Additionally, within two years after each provincial election—the mid-point, if you like, of the mandate—the minister must release a long-range assessment of Ontario's fiscal environment, which is also a new feature of transparency. It has to include a description of anticipated changes in the economy, in the population demographics during the following 20 years, a description of the potential impact of the changes on the public sector and on Ontario's fiscal policy, and the minister must describe key issues that are likely to affect the long-term sustainability of the economy and of the public sector.

So what are we doing inside, if you like, the public service in parallel to these legislative changes? We are always looking for ways to be more effective in the use of public funds, whether that's responding to the Premier's request to find \$750 million in savings from within the OPS—and we've done that successfully. We're looking at process changes, at structural changes and we're responding to this government's call to put in place a results-based planning framework to achieve specific results in support of government priorities, and that means, more than ever before, aligning budget dollars with the key priorities of the government. So what you'll have seen, I think, over the last three or four years in budgets is a very tough fiscal management approach to the large number of ministries, but key public priorities, particularly in the area of health and education, have been the focus of budgets over that period. That managing-for-results approach, of course, requires integrated planning and budgeting and measuring performance and aligns performance with priorities and expected results.

Anotherstructural change that we thought important was to create a new treasury board office. Prior to the creation of this treasury board office, we had two areas within government that were overseeing, in somewhat of a duplicative way, the fiscal business of government. We had Management Board looking at in-year spending and we had treasury board looking at multi-year spending, and we thought it important to bring all of that fiscal oversight into one place, and for that reason created a new treasury board to integrate central capacity for fiscal strategy, for expenditure planning, for risk assessment, controllership and internal audit functions.

I have to say that users—clients, if you like—of that new treasury board have been very pleased with the fact that they have one place to go for fiscal approvals. Of course, we like happy customers internally and externally. The treasury board office also supports performance-measurement program review and program evaluation, it manages the results-based planning and estimates process and in-year monitoring and, of course, works closely with the Ministry of Government Services in assuring controllership and leadership in the areas of I&IT, human resources, procurement and corporate management policy.

So, lots of transparency. There are huge demands for transparency. As we do all this, one of the things that we have to do and have to strive for is the right balance between appropriate levels of accountability and not inundating ministries, departments, with rules that actually slow down the business of government. One tries to apply a risk-based approach which puts tough accountability measures where the money is, where the risk is. We're being, I think, quite successful in finding that appropriate balance.

Mrs. Jeffrey: I think Mr. Patten had a question.

Mr. Patten: How much time? The Chair: Five minutes.

Mr. Patten: Five minutes. Okay. As a matter of fact—that's interesting—I was going to ask a question about the treasury board, because you may recall that my line of questioning had to do with some of the agencies that now have some new accountabilities related to the accessibility of our auditor. My question was—actually, I have two questions—related to treasury board, because I know there was a restructuring that you just explained, in terms of a more comprehensive role that they have in planning, especially fiscal planning.

So, around that, I have two questions. In terms of the treasury board guidelines, we know that sometimes ministries forget—inadvertently, of course; some of them—but the guidelines that treasury board has, related to procurement, for example: What is the scope of the application to outside agencies? We know, as you had mentioned, that outside agencies have an accountability to the government in terms of their annual report, that they have to come up with a business plan and they have periodic review. In terms of your overall cabinet board and treasury board relationship with the agencies: What has changed, and is it now more pervasive, as the intent was, in terms of the accessibility of the Auditor General?

Mr. Dean: Thank you for that question. Yes, indeed the Fiscal Transparency and Accountability Act has extended many of the accountability requirements of our legislative regime beyond government itself out to agencies. We have seen, as well, salary disclosure requirements extended to our hydro companies. We've seen FOI requirements extended to our hydro companies. But with respect to our agency structure, yes, the fiscal requirements, the fiscal framework, the accountability requirements and the conflict of interest requirements that apply to public servants in the Ontario public service have now been extended out to agencies. There's a requirement to test those, and of course those are recorded in memoranda of agreement between ministers and agency heads.

So, not only has this government gone deeper in terms of accountability requirements within its own backyard—within government and the Ontario public service—it has extended those accountability requirements out very, very broadly. Of course, that includes the reach of the Auditor General, who is now empowered to look into those agencies, in fact to any organization receiving transfer payments, and the hydro agencies as well. So, yes, indeed, over the last three or four years we've gone deeper and we are required to go broader in terms of accountability measures. I think there has been a good response to that, and that has been implemented quite smoothly and working very well.

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The Chair: That does conclude our time in the 20-minute session. We now have three segments of 17 minutes each again. I'm going to break the committee five minutes before the vote to be on the safe side; otherwise, it's going to be too tight.

Official opposition, you have 17 minutes.

**Mr.** Garfield Dunlop (Simcoe North): Again, welcome. I guess this is our final 50 minutes or whatever, maybe, of the Premier's office at estimates.

I have just a couple of things on clarification. It started out with some of the comments on the OPP security around the Premier and ministers, etc.

I was at a retirement last week for an OPP officer who had spent his whole life on security. He'd worked with different jurisdictions from around the world, including the RCMP and any dignitaries who came into our country.

My questions centre around the delegation that went to the Far East this year—to India and Pakistan. I understand that some police officers went on that. I'm just naturally saying, after the other questions, that there's no question—I'm assuming that any costs associated with that trip around security would be borne by the OPP budget. Can I say that?

Hon. Mr. Smitherman: To the very best of our knowledge, yes.

**Mr. Dunlop:** And I think that when a delegation leaves Ontario and goes to a country like India or Pakistan, they would work with the forces in those nations as well. If there's anything you have any different to add to that, I'd appreciate it.

Hon. Mr. Smitherman: That's our understanding of the way it works, ves.

Mr. Dunlop: Okay. On the delegation, I know-it doesn't matter where a politician goes; there's always someone who keeps a close eve on their travel expenses and hotel rooms, etc. It's one thing in the province; one thing when it's nationally. But when it's international trips, there are always some concerns around it.

I would like to ask a few questions on how those kinds of delegations are arrived at, or how you decide who will go. First of all, do you have the total number of people who were in the actual delegation on the trip to India and Pakistan?

Hon. Mr. Smitherman: I must confess to not having any of that knowledge at hand, but we'll be very happy to do our best to work through it. I'm not sure whether either of my companions here might be in a position to at least offer some overview.

Mr. Dean: By way of overview, I would say-and I promise to be brief in this—these trips over the last couple of years, and particularly with the India-Pakistan trip, we saw an absolutely relentless focus in planning for that and, I think, in the execution of it in investment attraction and absolutely maximizing economic opportunities for the province. So the selection, the invitations, the work with delegations would have been designed around maximizing the value for Ontario by way of exports and, indeed, investment attraction. So the support built around those trips obviously is closely related to its purpose. You will have seen, from the external players, a mix of business, academic, research and scientific communities, plus staff from the ministries that would be aligned with those external delegations to promote relationships. The numbers that form part of those delegations we can provide for you, if that's of interest.

Mr. Dunlop: I appreciate that. You've clearly mentioned that a lot of thought went into who attended the delegation and where they went. Would the Premier's office or Cabinet Office actually bring back a comprehensive report at any time saying, "This was the trip to the Far East, these are the people who attended, this is what it cost and this is the economic benefit to our province as a result of that"? Is that the type of thing you would report back on? There's probably not an obligation to do that, but just for the benefit of the next trip, because there's probably going to be a trip next year or the year after to that country or some other place in the world. would you in fact do that type of thing?

Mr. Dean: I'm not sure that it's always done, but I can tell you that in relation to the India-Pakistan trip, deputy ministers have been asked to follow up and track the benefits, the agreements, the success accruing from that trip. So that is something that is being done. That will culminate in reports to me and likely, in turn, to the Premier, yes.

Mr. Dunlop: As far as elected members, MPPs, I think, Ms. Jeffrey, you mentioned to me that you were someone who was on that trip, were you not? Can you tell me actually who went, as far as the MPPs, elected members of provincial Parliament?

Mr. Dean: That, I don't have in front of me. I wasn't on the trip; I can tell you that. But we would be able to provide that information to you. I will, though, say, just to clarify, because I know you were expecting a little bit more, that the lead ministries are the ones who will take responsibility for following up and they'll report to me.

In particular, I can tell you that I've had discussions with the Deputy Minister of Training, Colleges and Universities because we saw a very high degree of success in discussions and memoranda of agreement between educational institutions. He has undertaken to follow up on all of those and to provide a report to me. But in terms of personnel, I can say that, by far, the large majority of people on the trip were members of external delegations-universities, business, the cultural/arts sector, if you like—and they always, and certainly in this case, far outnumber the number of people who are accompanying the Premier.

To the extent that public servants are there, they're there to ensure that external delegates make successful linkages to the appropriate officials and business interests in the countries being visited so that we can maximize the benefit to Ontario and Ontarians and get as much

value out of these trips as we possibly can.

Mr. Dunlop: I appreciate that because I know we've gone through this for a few years on the economic development offices that we have around the world. This may be under the jurisdiction of Minister Pupatello's office, but can you tell me now: What countries in the world do we actually have—we used to call it Ontario Exports. It has changed names a few times. Can you tell me what offices we have around the world now, because I'm thinking of the Far East, whether or not it would be a good location?

Mr. Dean: Because I want to provide you with an absolutely full and accurate list, I'll do that before close of proceedings today. That's a commitment I give to you. 1720

Mr. Dunlop: Okay, and that was countries like-

Mr. Dean: Certainly Tokyo, London, New York, Mumbai, I believe at this point. New Delhi is another one, and Beijing at this point, I believe. I want to provide you with a complete list, and I will do that shortly.

Mr. Dunlop: Okay. I'm sort of getting off-topic a little bit, but on these external offices that the province of Ontario would operate, through the Premier's office, would they actually have a yearly economic report on the advantages of being in that particular country and operating that office and what kind of investment that brings in to Ontario and/or would there be any opportunity that they would actually cost us jobs by having companies leave Ontario and relocate in those countries? Am I making myself clear on that?

Mr. Dean: You are absolutely, and my strong sense is that those analyses are conducted and, of course, we're interested in assessing the value of those offices and the personnel. I can tell you that one of the things we've moved to in creating and restructuring those offices in the last two or three years is to partner with the federal government. This is another area where I think cross-jurisdictional collaboration is absolutely critical. We're now co-locating those offices either in embassies or high commissions.

I had the opportunity, actually, this past Friday, to meet with the Canadian High Commissioner in London, Jim Wright, who was glowing in his report on the success of the Ontario office there and the value added, if you like, the multiplier effect that is obtained from colocating both provincial and federal resources in the same place so that they can work together to target the most appropriate sites for investment and work together as a team. That's what I think we'd want to see happening.

**Mr. Dunlop:** Mr. Dean, the folks who are in charge of these international provincial offices, do they report to the Minister of Economic Development and Trade, or do they report to somebody in cabinet through the Premier?

Mr. Dean: They report through the Ministry of Economic Development.

**Mr. Dunlop:** So there's no direct line from the Premier's office to, say, an office in London or New York?

Mr. Dean: That is correct, although I will say that I have seldom seen so much interest shown in where those offices are, the efficiency of the operation and the approach that is taken to aggressively attract investment to Ontario. So the fact that there's no direct line of accountability should not be taken or the assumption should not be made that there is not a huge interest on the Premier's part in just getting every single cent of value out of those operations. There's a high degree of interest in that.

Mr. Dunlop: Obviously you would want to maximize the benefit of the office and have the most economic development that's on the plus side for the province, but in a lot of areas we worry about the loss of manufacturing jobs. I know our neighbours south of the border—there are many, many incentives for a number of the American states, and they come right up and meet our manufacturers and say, "This is what we have for you in Pennsylvania or in Kentucky or Utah." I know of companies that have actually left, and it's kind of sad to see.

Is the Premier's office involved in anything like that, where there would be a loss of manufacturing jobs, or again, is that from the Premier's office through to the Minister of Economic Development and Trade? Who would be monitoring the loss of jobs?

Mr. Dean: The growth of jobs and the job picture in general is something that is of interest to most central agencies, including the Premier's office and Cabinet Office. Just like the growth side, concern about the restructuring of the manufacturing and the resource sector is something that our political colleagues are highly attuned to. One of the things that certainly I am asked to do is to ensure that those ministries play a key role in keeping successful companies successful; helping those that are in a little bit of trouble to grow and to remain in business; and, where necessary, supporting those that are not successful. To provide for an orderly adjustment process is something that's very, very important.

The Chair: Sorry to interrupt, Mr. Dean. We're going to pause at this point in time. We will recess for the vote

and reconvene back in this room immediately after the

Mr. Dunlop: That's all I had anyway, Mr. Chair.

The Chair: You have about two minutes left. I don't know if you want to use it or not.

Mr. Dunlop: I'll just waive it now.

The Chair: We're recessed until after the vote.

The committee recessed from 1726 to 1734.

The Chair: All right. We are back in session for the standing committee on estimates. I heard from Mr. Dunlop that the opposition was ceding its last two minutes of time. I will, then, turn to the third party. Mr. Ferreira, you have 17 minutes.

**Mr. Ferreira:** I'm hoping that Mr. Dean—he's on his way back?

Hon. Mr. Smitherman: Yes, he has just gone to-

Mr. Ferreira: Can we perhaps recess until the third witness is able to join us?

The Chair: If it's all right with everybody, we'll pause the time. I'm sure he'll be in here—there he is. We will just continue.

Mr. Ferreira: Mr. Dean, I must say I've enjoyed listening to your answers. You display a great deal of dedication and professionalism, and I know you've served the province extremely well over a lengthy career. I want to thank you for that.

Hon. Mr. Smitherman: Where's this going?

Mr. Ferreira: My motives are honourable, Deputy Premier. Mr. Dean, in your last round of answers to questions from the government members of the committee, you referred numerous times to accountability and transparency. Now, as we know, this House has been consumed over the past two and a half weeks or so with an issue that demands accountability and transparency. I want to ask you, based on your experience and your expertise, on the issue of the expenditure of \$32 million of taxpayer money, do you think that there should be some kind of audit of how this money has been spent?

Mr. Dean: Let me say at the outset that there are some things that I am going to wade into at this committee and there are some things that I'm going to decline to opine on. I will say only that the Auditor General has far greater ability to examine expenditures of all sorts than he had three or four years ago. In the context of his annual year-end report, he has the ability to examine anything that he believes is material or that requires the examination of his office. I have absolutely no doubt, and I have full confidence in the Auditor General, that if he feels that there should be scrutiny on any spending of any sort across government, including that done in the context of year-end spending, he will examine that and he will report on it.

Mr. Ferreira: What about in between the issuance of his annual reports? We know that in federal practice, the federal Auditor General comes forward a number of times per year on issues of concern to taxpayers. Do you think that a similar practice would be useful in the province of Ontario, where the Auditor General comes out with interim reports, if you will?

Mr. Dean: There are situations in which that would be helpful. I think that any advice to government and the public that the Auditor General provides is of value. We know that from time to time the Auditor General does conduct in-year reports. We also know that towards the end of the fiscal year it becomes increasingly difficult for him—and remember that in the current context, we have asked the Auditor General to review the budget. He has some new responsibilities, and we've talked about those responsibilities under the Fiscal Transparency and Accountability Act. My sense is that towards the end of the fiscal year, he's reviewing all of the books; he's reviewing now all transfer payments. My sense is that it's probably more difficult towards the end of a fiscal year to engage in those—we might call them special auditsthan at other times of the year. But should he do them? Yes. Do they add value and help us to improve government processes? Yes, they do.

**Mr. Ferreira:** Does the present situation, where we have seen \$32 million rushed out the door in the last few weeks of the most recently completed fiscal year, warrant a special audit, in your experience and expertise?

Mr. Dean: First of all, I'm not sure I would characterize the circumstances that you describe in the same way. I will say that there is an unprecedented degree of fiscal accountability in this government. You find it in the Legislature, and the Legislature is a place where ministers are held to account. You find it in the context of the estimates committee. This is a critical part of the legislative process that looks at the spending patterns of ministries and, if you like, takes the lid off them. We have an Auditor General who is fully empowered to look at any expenditure in the context of his work that he thinks is material. I think that adds up to a pretty significant degree of accountability. That's, I think, pretty important to take note of.

Mr. Ferreira: Can the Premier's office go to the Auditor General and say, "Here's a matter that we'd like you to look into"? At any time, is that something that can be done?

Mr. Dean: There are circumstances in which the government can ask the Auditor General to inquire into certain circumstances—

**Mr. Ferreira:** Why—sorry to interrupt—isn't that being done in this particular case, do you think?

Mr. Dean: In which particular case?

**Mr. Ferreira:** In the case of the \$32 million that has been handed out by the Ministry of Citizenship and Immigration without an application process of any sort.

Mr. Dean: Let me just say this, and I'll return to something that I said at the outset: One of the reasons that I have been around providing public service for a number of years is that I know when it's appropriate for me to wade into areas in a public context and where it isn't. This is one of them. You have my answer. I think it's a full answer.

I can only say that we know a couple of things: We know that the Auditor General is an officer of the Legislature and will inquire into things of his own accord that he considers to be material. We also know that—and I think the Auditor General has gone on the record in saying this—towards the end of the fiscal year, he's focusing on the bigger picture: the year-end or the first pre-election report and the estimates of every ministry. There will be things that occur to him; there will be things that are brought to his attention, in the public sphere or the sphere of the Legislature, that he'll be aware of. If he chooses to determine that those are material, I have absolutely no doubt that he will look at them very, very carefully.

**Mr. Ferreira:** In the course of your work on a day-to-day basis, I would imagine that you provide advice or guidance to the Premier's office. Is it fair to characterize it that way?

**Mr. Dean:** I do provide advice. Sometimes I'm asked for advice; sometimes I provide it because it's a fundamental part of my job.

**Mr. Ferreira:** You don't have to give me specifics, but what types of issues are you solicited for advice on?

Mr. Dean: If one takes a step back, my job, as with other professional public servants, is to provide advice on good public administration and the operation of government. I'm asked also to, and I'm, of course, responsible for, helping governments, Premiers, elected governments, deliver on their policy commitments. So I'll provide advice, and my colleagues will provide advice, on the information, the facts, the data, that drive that policy, and the policy options that are available to government.

Governments, elected officials, people who are accountable to the electorate at election time, make decisions. I think it's a very, very important distinction to draw between the professional public service and my elected colleagues. I'm not required to stand for reelection; my job is to provide continuity and to provide for a professional and non-partisan and stable public service across political mandates and between political mandates. So decisions are the business of politicians, and I leave that to them.

**Mr. Ferreira:** And I have to say that you do your work very well; it's quite apparent to me.

You mentioned policy commitments. Earlier, we heard you wax quite eloquent about one of this government's core commitments, and that was to provide accountability and transparency on how public funds are spent. You've suggested that the government has been able to achieve some of that.

This is a hypothetical question, and you may choose to answer it or not, but if in the course of your work the Premier's office came to you seeking advice on whether the issue of the \$32 million that had been handed out by the citizenship and immigration ministry—if they came to you asking whether you thought that there should be a financial investigation audit on that expenditure, how would you respond to that?

**Mr. Dean:** This isn't the place and time for me to respond to hypothetical questions. That's how I would respond to it. This is one of the areas in which I'm meeting the committee's expectations for brevity, I think.

Mr. Jim Wilson (Simcoe-Grey): You should run; that's good.

Mr. Ferreira: I must say, Mr. Dean, I think the government would be well served to have you sitting in during question period for ministers.

I understand that some ministers of the cabinet have described the amounts as a pittance. I disagree. I think that the accumulation of \$32 million is actually quite substantial. In your experience, when an amount like that is spent-\$32 million-is there oversight from the Premier's office when funds of that nature, special funds, special grants, are handed out? Is there oversight from the Premier's office in the direction of how those funds are spent?

Mr. Dean: The creation of budgets, entire budgets, is a function of government decision-making-

Mr. Ferreira: This—sorry to interrupt—particular amount was not budgeted for. It was monies that were available to be used before the end of the fiscal year.

Mr. Dean: That's certainly true. What I would say on this is that there's a level of materiality around investments that will attract attention. I can say that, historically, as I think back over a number of governments, year-end spending, which of course is a result, for the most part, of unanticipated revenues as well as prudent management on the part of ministries, offers every government an opportunity to strategically determine the extent to which that money is available to pay down debt or to invest in areas that will buy down future costs, or invest in key economic, social or community priorities. It's a process that I think everybody around this table will know and that, necessarily, is a truncated one. It occurs in the last month or two of the fiscal year.

Where there are significant infrastructure projects, for example, that we know are part of the government's plan-highways, transportation corridors, borders-and there's an opportunity to pre-invest, those opportunities are often taken by governments. The extent to which the Premier's office is aware of every detail of those expenditures depends on the level of materiality, and probably depends on the style and operation of the Premier's office of the day as well as the amount that's available to be considered for year-end spending purposes.

Mr. Ferreira: In your years here, have you witnessed another government of any stripe use funds in this

Mr. Dean: In the sense of-

specific manner?

Mr. Ferreira: Where no applications are submitted, where the money is a free-flowing tap to select groups, it seems, across the province.

Mr. Dean: If we stand back and look at the accounting framework in which year-end spending occurs, I think one would have to say that modern accounting is something—and this is something that we experience at the federal level as well-that actually creates the conditions where, in some cases, unconditional grants are made around which there are limitations on the conditions that can be associated with those expenditures. To that extent, I would think that other governments find themselves in a similar situation.

Can we do better in accountability? Can we do better in the way that we approach year-end spending? I have absolutely no doubt that we can. I think we get better every year in terms of accountability. We've got some distance to travel. The business of accountability and transparency is a journey that this government and other governments have been on for some time. But again, if you stand back and look at this in context, we see a very significant effort and focus of this government placed on legislative accountability and on the powers of the Auditor General to ensure that appropriate accountability exists.

The Chair: Thank you, Mr. Dean. Mr. Ferreira, thank you very much. That does conclude-

Mr. Ferreira: Mr. Chair, if I may, just for the purposes of the record-

The Chair: Sorry, your time has expired.

Mr. Ferreira: I'll be very brief. It's not a question. It's just a comment.

The Chair: Sorry, your time's expired, unless colleagues from all parties would allow some more time for the NDP. We're already over the time that you're allowed with Mr. Dean's answer.

Mr. Patten: Go ahead.

Mr. Ferreira: May I? I've sat through the majority of the eight hours over the past five days, and I want to thank Mr. Dean for his candour and for answers which have been quite insightful and enlightening for me as a new member. I thank you for that.

I also want to thank Ms. Gibson for her efforts. I certainly appreciate those, and those that you've undertaken after hours to try to get us the answers that we requested. Thank you for that as well.

The Chair: Folks, we do have six minutes left on the clock today. We have a vote taking place. We do have 17 minutes total, so there are a number of options. Mr. Patten, you could try to wrap up today, or we could call everybody back for 10 minutes next time if that's the committee's prerogative.

Mr. Patten: Yes, I'd like to take a few minutes. I have a couple of questions. My recommendation-and I would seek your advice, Mr. Chair-is that rather than bring everyone back for another eight minutes or something of that nature, the committee would then be free to start their next round of estimates. So I would seek unanimous consent from my colleagues when I've finished the time that I have for questions this afternoon.

The Chair: Customarily, when we get to this point in time, we need to have all-party consent. Are you guys

good? Super.

Mr. Patten: My question is likewise to the secretary of cabinet. I missed one afternoon and I don't know whether this was asked of you. In my research, I found it interesting that the Premier's office and, I might say, many of our commissions, our offices of the Legislature—I'm thinking of public accounts—are rather frugal, comparatively speaking, when we compare ourselves to other jurisdictions. I'm thinking of the Premier's office in terms of its particular budget, with a population pushing 13 million people—which has a comparable budget to Manitoba, which has a population of about 10% of what the population is in Ontario. My question is: Do all jurisdictions account for their expenditures and estimates in a standardized fashion as proposed by the Canadian public accounts association, so it is a fair comparison to be able to make between jurisdictions? Would you like to comment on that?

Mr. Dean: I believe that, generally speaking—and I doubt that there are many exceptions—we are able to compare, in an informed way, the size and shape of our government operations and our political office operations across the country. It is true that, I think across the board, Ontario—based on comparisons with other jurisdictions by office, but also if one looks at public servants per capita, we are, if not the smallest public service per capita, perhaps the second-smallest public service. Obviously, it means that we work harder and that our colleagues in the Premier's office work harder under that regime. We do see other political offices—minister's offices, Premier's offices in other jurisdictions—being significantly larger, and we can say that for the public service as a whole, as well.

Mr. Patten: Having been a long-standing member of public accounts, this issue raises itself every once in a while, especially when the auditor's budget is coming forward, of course. The argument is made in terms of its relative responsibilities and population and the size of other jurisdictions. I can recall the annual meetings of public accounts committees across Canada, federally and provincially, where some of my colleagues, for example, from PEI, marvel at—they ask, "How big is your riding?" I say, "I've got about 120,000 constituents in my riding." "What?" Of course, they have 22 members throughout PEI for a population of about 135,000, so—

Mr. Dean: That's 3,500 to 4,000 members.

**Mr. Patten:** About 3,500 to 4,000 members. I said, "You must get to know every family," if you divide that again by four. Of course, they say, "Yes, that's true."

My final question would be—you had mentioned earlier that you get together with other secretaries of cabinet throughout Canada. Can you just give us a bit of a glimpse of what hot issues you face? What are the kinds of things you talk about that would be germane to a sense of what may be common issues throughout Canada?

Mr. Dean: Certainly.

Mr. Ferreira: This is going to be gripping, isn't it?

Mr. Patten: It is. It's interesting.

Mr. Dean: I didn't want to use that word, actually. "Intense and interesting meetings" is the way that I would describe them. There are common issues across the country. One of them is the challenges that governments across the country face in implementing and working with the nationally established accounting rules—accrual accounting, for example.

Another one, which is very, very common, is the issue of human resources and compensation. We are all facing, as are other large organizations, a demographic crunch. We are in intense competition with the private sector and

with one another for good public service resources. The country, including the federal government, has looked to Ontario for leadership in these areas. Our approach to attracting new professionals, particularly to reaching young people—getting them is one thing; retaining them, keeping them, in a traditionally-organized organization is something else, and how we develop our resources is very important. As I mentioned earlier, how we reach down and make the best of the very diverse workforce that we have in the Ontario public service—we actually have a workforce that is highly representative of Ontario's population and therefore we have a tremendous ability to start reflecting that diversity in our leadership ranks.

In the world of compensation, generally speaking, across the country, we find that at the low levels of the organization, compensation's fairly comparable. As we move up through the organization to the senior ranks, there are significant differences in compensation levels, not only when we compare ourselves to the private sector but also to other public sector organizations, in particular, hospitals, school boards, municipalities and universities. Our ability to recruit senior executives in public service organizations is becoming increasingly challenging.

We're very fortunate, actually, in attracting people who want to come to public service to make a difference and are prepared to come at compensation levels that are significantly below those that would be available to them in other sectors. That's something that we're facing as well, across the country.

The third thing-

The Chair: I'm sorry to interrupt. If we are going to do our votes before Mr. Tabuns's motion, we need to proceed. I don't mean to be rude, but just in the interest of time—or do you want Mr. Dean to continue? It is your clock

**Mr. Patten:** No, in the interest of time, I'll comply with your requirement.

The Chair: Thank you. We are going to stand down the rest of the time. I'm sorry to interrupt, Mr. Dean, but that's what I thought the committee's expectations were.

Now we proceed with the votes of estimates. Shall vote 2401 carry? Carried.

Shall the estimates of the Office of the Premier carry? Carried.

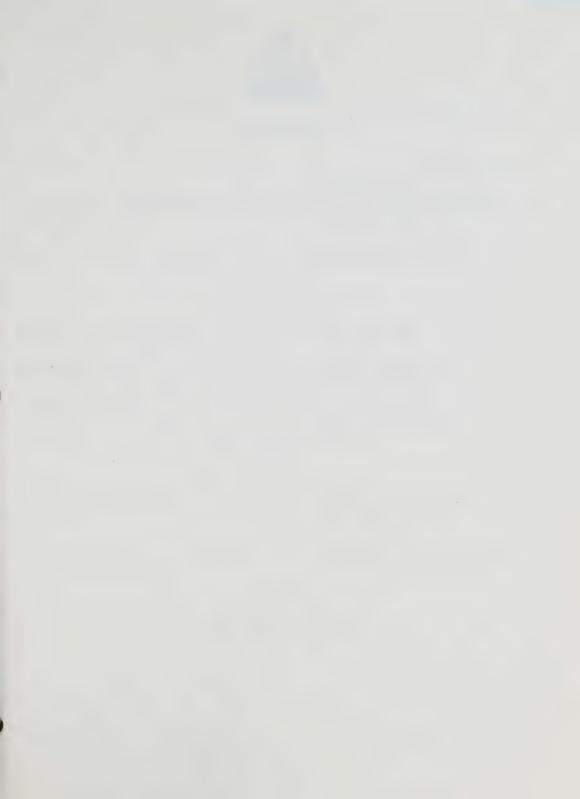
Shall I report the estimates of the Office of the Premier to the House? Agreed.

Thank you, folks. Deputy Premier, principal secretary, Ms. Gibson and staff, thank you very much for your attendance and for your responses to members' questions here today. This does now conclude the Office of the Premier for estimates.

I remind members of the committee that we do reconvene here in room 228 tomorrow. We begin the consideration of the estimates for the public infrastructure renewal ministry beginning at 3:30 p.m., or immediately following routine proceedings.

The committee adjourned at 1803.





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## Legislative Assembly of Ontario

Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Wednesday 9 May 2007

Standing committee on estimates

Ministry of Public Infrastructure Renewal

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

## Journal des débats (Hansard)

Mercredi 9 mai 2007

Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique

Chair: Tim Hudak Clerk: Katch Koch Président : Tim Hudak Greffier : Katch Koch

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 9 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 9 mai 2007

The committee met at 1551 in room 228.

### MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Chair (Mr. Tim Hudak): Good afternoon, members of the committee, Minister, Deputy, friends. We are here today for consideration of the estimates of the Ministry of Public Infrastructure Renewal for a total of seven hours.

Before we begin, I would like to clarify the role of the legislative researcher with respect to the ministry before the committee today. The research officer is assigned to the committee to support the work of the members of the committee. His primary function is to research and prepare briefings, summarize submissions made to the committee, draft a report to the House and, in this case, to help committee members track the questions and issues raised during the review of estimates.

Minister, the ministry, as you know, is required to monitor its own undertakings resulting from the consideration of their estimates, and I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer just to make sure that none are missed. Any questions on process before we begin?

We will commence with vote 4001. We'll begin with a 30-minute statement by the minister, followed by 30 minutes for the official opposition and 30 minutes for the third party. Then the minister will have 30 minutes for a reply. The remaining time, of course, is apportioned equally among the three parties. I will let members know in advance that I need to run back and forth to the House, and I may have some questions for the minister as well, so Mr. Yakabuski, in the absence of Garfield Dunlop, the Vice-Chair, will take the chair when he arrives. So if I get up in the middle of your presentation, my apologies, but I'm sort of in two places at once today. But I have full confidence in Mr. Yakabuski to run a fair, organized and on-time committee.

Minister, again, thank you for being here. Deputy Minister, thank you for being here as well. We do have a list of ministry staff who are on hand just behind for additional support. Minister, the floor is yours. Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Mr. Chair, thank you very much, and good afternoon. I want to thank the committee for calling on the Ministry of Public Infrastructure Renewal. I want to introduce Deputy Carol Layton, who is here with me at this table, and we do have the great staff of the Ministry of Public Infrastructure Renewal, many of whom are here to answer questions or provide insights to committee members on the estimates of our ministry.

This process is one that I've had the privilege of going through on several occasions, and on every occasion I've emerged feeling that I've been part of something extremely worthwhile. It's a process for which I have the utmost respect, because it is a process that ultimately respects the role of government. It's a vigorous and thorough examination of the way in which the government of the day is carrying out its duties and responsibilities to the taxpayers of the province of Ontario. I welcome it not because I think we are doing a perfect job or that we have nothing to learn or no way to improve, but because I believe the Ministry of Public Infrastructure Renewal is doing a very good job, one that can only be improved by constructive questions from this committee.

There's much progress to speak of, but let me start first by setting the broad context for the truly significant body of accomplishment enjoyed by the Ministry of Public Infrastructure Renewal over the course of this mandate in general and specifically in the past few months.

When we took office some three and a half years ago, we encountered a situation that was by no means unique. It is in fact a problem that is being grappled with by most other jurisdictions, not only in Canada but around the world.

I hope that members of this committee will bear with me if I read a quote that I read to them the last time I appeared here. It bears repeating, I think, because it is an extremely useful characterization of the situation that has existed for too long in public infrastructure. John Wright of Ipsos Reid, a man whose professional life is spent assessing the public mood, addressed a leader's forum on infrastructure which we held last year. Mr. Wright said:

"The public wants a long-term view on infrastructure development and investment. It is a public that too often has witnessed infrastructure delay or decay because those decisions are oftentimes tied to a political party or entity that simply lurches from one election to another and deals with infrastructure in that time frame."

That's precisely the reality that was faced when the McGuinty government took office and when I was appointed Minister of Public Infrastructure Renewal. Infrastructure is, by its very nature, expensive—hugely and, some might even say, terrifyingly so. It takes a long time to build. It takes a lot of effort and planning to maintain. So for much, much too long in this province, not enough of it was built and it was poorly maintained. Too many elected leaders chose to keep their eyes firmly fixed on the next election date instead of the needs of the next generation. The problem was put off, Band-Aids were applied, roofs were patched instead of replaced, schools got portables instead of new wings, and the infrastructure of this province began to slide into disrepair. That, as I am sure the members of this committee will agree, was a threat to our economy; indeed, a threat to our quality of life.

When we talk about infrastructure, we talk about the physical manifestation of the programs and services we all count on as citizens and residents of this great province, the programs and services that define us as a society, like the school to which we send our children so they can learn, develop and thrive. When we took office three and a half years ago our schools were shabby and neglected, as if nobody thought it important to hold them to a basic standard of cleanliness and repair.

When we talk about infrastructure, we're talking about the hospitals, in which at some point or another we will almost all end up, looking for the kind of care and support that only the medical profession can provide. These hospitals, in many ways the backbone of our health care system, weren't being upgraded quickly enough and new ones weren't being built soon enough. This contributed to wait lists that were too long, emergency rooms that were overcrowded and a gradual erosion of the quality health care in which we used to take such pride in our province.

When we talk about infrastructure, we're talking about the transit and transportation systems we depend on to help us and our goods move back and forth in our cities, from one part of this great and vast province to another, indeed from our province to neighbouring jurisdictions. Three and a half years ago, transit was barely keeping up with the demands of today, let alone preparing for the increased demands of tomorrow.

All in all, we faced a serious infrastructure deficit, one that threatened our ability to carry out our basic duty to the people of Ontario, which is to work with them to build the kind of province we all want. Our Premier and our government said that that was simply unacceptable, and we set about eliminating this deficit.

If there is something that makes me enormously proud, it is that we've managed to make significant progress on eliminating that infrastructure deficit while still protecting and even improving the environment in which we live. "Green" and "grow" are two concepts that people often seem to believe are at odds when you're talking about infrastructure. That is simply not the case at the Ministry of Public Infrastructure Renewal.

I had the opportunity to go and listen to Sir Nicholas Stern, author of the British government's Stern report on the economic impacts of global climate change. The former chief economist at the World Bank said in a recent address, which, as I mentioned, I had the privilege of attending: "I will put it crudely—you can be green and grow."

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We have to walk a very fine line, make no mistake. As a government committed to rebuilding public infrastructure that has been neglected for far too long, while also protecting an increasing parkland and natural areas that have been unprotected and eroded for far too long, I'm proud to say that we've walked that line with great success.

You need look no further for an example than the greenbelt established by my colleague Minister Gerretsen, which spans 325 kilometres, from Rice Lake in the east to Niagara in the west and Tobermory in the north, protecting some 1.8 million acres of principally farmland, not to mention the headwaters of dozens of rivers and streams and the habitat of 66 endangered species.

The greenbelt makes cities within it and adjacent to it better places to live. David Suzuki himself congratulated our government on an initiative that would control sprawl; conserve nature; reduce greenhouse gas emissions; protect air, water and soil; and get us out of our cars. Dr. Suzuki also said that he hoped to see other Ontario government initiatives that would accomplish these very goals. I am pleased to say that I have taken Dr. Suzuki's advice to heart.

Just recently, I was proud to announce that we are donating more than 200 acres of natural heritage land to communities and organizations in some of the most heavily populated areas of southern Ontario. The transfer of 10 significant green spaces—some big, some small—that stretch from Pickering to Hamilton and south all the way to Essex county will make an important contribution toward making communities complete, with places not only to live and work but to play. These properties contain a range of significant natural characteristics, such as wetlands, hardwood forests and environmentally sensitive areas.

We have also in the past few months announced that we are protecting 2,000 acres of ecologically sensitive land in Rouge Park and the new Bob Hunter Memorial Park, 650 acres of land additionally in Oakville, and we are using 180 acres of natural heritage land to create Hamilton's newest conversation area, Eramosa Park.

In January of last year we began work in the West Don Lands, the first new neighbourhood to be developed as part of the Toronto waterfront revitalization initiative. Sustainable, green development is a top priority of that development, as it is with everything we do along the waterfront. All the buildings that are part of the West Don Lands project will be certified by the Canada Green Building Council, meaning they will have achieved mandatory sustainability standards, including high levels of energy efficiency. The West Don Lands is the largest

redevelopment of a brownfield in North America and I am extremely proud of the role that our government has had in leading this initiative.

On the subject of the Canada Green Building Council, another project of which I am very proud, the new Durham consolidated courthouse is expected to see a groundbreaking later this month. It will be built to meet the council's silver certification standard that incorporates environmentally sustainable construction practices with energy-efficient design.

I am also proud to report to the committee that our government is delivering on another of its environmental commitments; namely, reducing the consumption of electricity in buildings that are owned by the government by 10%. As of March 31 of last year, we had achieved an 8.8% reduction through a variety of programs and initiatives like energy audits, retrofits and cogeneration. Going forward, I am very confident that we will meet our 10% target.

Earlier this week I had the great privilege to announce the completion of our deep lake water cooling project, in which water from Lake Ontario is used as a reliable, safe and sustainable source of cooling for Toronto office buildings, as well as this very building which we are seated in today. We are expecting that in its first year, deep lake water cooling will save us 10 million kilowatt hours. That is enough energy to power over 1,000 homes.

These are not all huge projects, but they are all, in one form or another, environmentally positive and they clearly signal the McGuinty government's unwavering commitment to do right by the environment on behalf of

the people of Ontario.

Now, all of this should be seen in the sustainable development context of one of our government's signature initiatives: our growth plan for the Greater Golden Horseshoe. This plan is one to build opportunities for the people of Ontario by creating better-planned communities with more options for living, working, shopping and playing in what is by far the fastest-growing region in Canada. Two-thirds of the province lives here already. Over the next quarter of a century, give or take a year or two, we are expecting another 3.7 million people and almost two million new jobs.

I don't think I need to explain to the members of this committee just how important it is that you have plans in place to prepare for that level of growth, because while the potential positive impacts of that growth are enormous, the threat to the environment is very serious. We're looking at a 45% increase in average commuting times arising from increased traffic congestion. Hand-inhand with that, there would be a 42% increase in auto emissions. That is simply not the kind of growth we want to encourage, nor is the urban sprawl we would be looking at if we don't plan now for what is coming. It is estimated that we could lose 1,000 square kilometres of farmland if we took a business-as-usual approach to planning.

I dare say that nobody would want to see that. What we do want to see, however, is the kind of growth that is

environmentally sustainable, brings new investments and more jobs. We can have it if we encourage better planning practices based on coordinated population and job growth forecasts for municipalities. If we know what's coming, if we know who's coming, we can do a much better job of being ready when they arrive. We can have that kind of growth if we encourage revitalization of downtowns and city centres, making them more vibrant, people-oriented and attractive.

There was a time in this province when downtowns were the hub of every community. They were the focal point for culture and for commerce. Downtowns were where people wanted to be. That isn't true as often as it

once was. We're going to make it true again.

We can have the kind of growth we want if we concentrate growth in areas where it can best be accommodated. That means reducing development pressures on agricultural lands by reducing those pressures on the natural areas by directing more growth into existing urban areas. It means ensuring that a new development is planned to create complete communities that offer more choice in housing, better transit and a range of amenities like shops, schools, entertainment and services that are closer to where people live. The growth plan for the Greater Golden Horseshoe does all of this.

It identifies 25 downtown locations in the Greater Golden Horseshoe that will be the focal points for accommodating people and jobs through initiatives that offer attractive new living options within easy access to shops and services. These centres will also support transit and the economy of the surrounding area, and it links planning for growth with planning for infrastructure so that the roads, the waste water systems, the schools and the other infrastructures are in place to meet the demands and the needs of growing communities.

The fact is that we have been enormously proud of the growth plan for the Greater Golden Horseshoe from the moment of its inception, but it never hurts to have your faith reinforced by others. So when David Crombie, former mayor of the city of Toronto, said the plan "represents the kind of leadership that Ontario has been needing for a long while," that helped confirm that we were on the right track.

Oshawa mayor John Gray also weighed in, saying that the plan "recognizes the importance of revitalizing downtowns in urban areas."

But in many ways, the most special recognition of all has come in the form of awards recognizing that our growth plan is literally a world leader. On June 5, we will be in Quebec City at the Canadian Institute of Planners annual conference, accepting their award for planning excellence. This is an award given out to the initiative that best enhances the social, economic and environmental well-being of a given community or a group of communities.

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As jury member Gary Wilson put it, the growth plan "highlights the significant care that Canadians have for their natural and built environments and the unique,

increasingly sophisticated ways in which they want to express this."

That award comes hard on the heels of another equally impressive recognition, this from a group not only outside Ontario but outside Canada. In mid-April, the Ministry of Public Infrastructure Renewal was pleased to accept, on behalf of the government of Ontario, the prestigious American Planning Association's Daniel Burnham Award for a Comprehensive Plan, which goes to the plan that best illustrates progress, community benefit and the contribution to the advancement of the planning profession. This is the first time a plan from outside the United States has ever won the award, and to quote Carol Rhea, the chair of the awards committee, we won it because our plan is "a landmark comprehensive plan that is both visionary and pragmatic."

The only other thing I'd like to say about the growth plan for the greater Golden Horseshoe is that it is only the first growth plan area designated under the Places To Grow Act, which my ministry developed. I want to assure all members of the committee, Mr. Chair, that there will be others.

We are well aware, from individual communities as well as from the Association of Municipalities of Ontario, that there is a hunger for plans that help communities prepare for the growth they know is coming. We have heard, for example, from many people in northern Ontario that a plan is needed for that region. My good friend and colleague Rick Bartolucci, Minister of Northern Development and Mines, mentions it to me at absolutely every opportunity. What I can tell this committee today is that we will be making an announcement in the very near future about the next region of the province for which we will launch a growth plan.

There are a great many rural and small communities whose infrastructure needs cannot wait for the development of long-term growth plans, and our government recognizes that. The fact is that the downloading of services by both previous governments, coupled with an unwillingness to properly invest in infrastructure, has left municipalities across this province in the impossible position of trying to pay for infrastructure they simply cannot afford.

That's why in his March 2007 budget my colleague, Finance Minister Greg Sorbara, included an additional \$70 million to be invested under the rural infrastructure investment initiative, or, as we call it, R3, which is a program we launched back in September 2006 to help rural and small communities provide safe and reliable local infrastructure. The additional \$70-million investment doubles the funds initially committed to the program to a total of \$140 million. This funding will allow municipalities to improve everything from local bridges and roads to water and waste water systems, waste management processes to energy systems and sports and recreational facilities.

In other words, it will be used on those programs and services that create and foster the sense of community that is so important in smaller rural areas.

In addition to that investment, my colleague Minister Leona Dombrowsky was delighted back in January to partner with the federal government and 72 communities right across Ontario to announce intake three of the Canada-Ontario municipal rural infrastructure fund, or COMRIF.

This third COMRIF investment of \$93 million from the provincial and federal governments will go a long way toward helping these communities enhance and renew their local infrastructure. There is now a total of 280 COMRIF initiatives benefiting Ontario communities.

The investments I have mentioned all build, of course, on ReNew Ontario, which is really our primary vehicle for tackling and reducing the infrastructure deficit. We are investing more than \$30 billion in renewing and revitalizing the province's infrastructure, one of the largest investments of this kind in more than a generation. We have also created a crown corporation, Infrastructure Ontario, to deliver the bigger, more complex projects associated with this investment, and I'm pleased to tell you that we're doing it on time and on budget.

Infrastructure Ontario uses the best of public and private sector expertise to expand and renew public assets. It also offers affordable financing under the OSIFA program to help public sector clients build and renew essential local infrastructure. Participants in the OSIFA loan program are collectively saving millions of dollars in interest charges and transaction fees over the life of the loans. The OSIFA program was recently broadened to provide affordable financing for all infrastructure expenditures by municipalities and by universities.

In health care, which I wish to highlight, we are providing funding for more than 100 hospital projects, many of these through Infrastructure Ontario. By 2010, we will have invested more than \$5 billion to ensure that Ontario patients can enjoy shorter wait times and better health care services in state-of-the-art health care facilities closer to home. Our health care investments under ReNew Ontario include building over 15 new state-of-the-art hospitals in communities north, south, east and west, as well as five new cancer centres.

The number of new cancer cases in Ontario is expected to double by 2028. People are going to need help and care, and we're making it a priority to see that they get it. This is a remarkable change in direction from the previous government, which closed 28 hospitals during their time in office.

In education, we are providing the backbone of a commitment to student achievement that is literally unprecedented in this province. To accomplish what our Premier and Education Minister want to accomplish in education, we need the best physical facilities in which our children can learn and teachers can teach, and that's where our ministry comes in. We have already undertaken roughly 6,800 urgent repair and construction projects at schools right across the province and are creating 14,000 new graduate school spaces by 2009-10. By 2010, we will have invested more than \$10 billion in ele-

mentary and secondary schools, as well as postsecondary facilities. We all understand that an investment in education is an investment in jobs for tomorrow and that we must equip our young people with the skills they need

to compete in a global economy.

Earlier this year, I undertook what our office called the rebuilding Ontario tour. I travelled to many communities across the province, checking in on the capital projects that we've launched. I visited North Bay, where the construction of a new 388-bed regional health care centre began on March 24. I was in Belleville, where shovels went into the ground for the Quinte Health Care redevelopment project on March 26. I stopped by Montfort Hospital in Ottawa, where we're building two new wings and renovating existing facilities, including intensive care, maternal/newborn, mental health, ambulatory care and emergency services. That work is well underway-it began last June-and I have to tell you there isn't a better feeling I know of for a minister in charge of infrastructure than to actually see cranes, shovels and workers on a site, getting the job done.

Knowing that the work is going to get done on time and on budget isn't a bad feeling either, and thanks to the alternative financing and procurement strategy, or AFP, that we have developed for certain big projects, that is what is going to be happening. AFP transfers appropriate risks to the private sector, reduces costs by eliminating duplication and, bottom line, gets things done on time and on budget. The projects in North Bay, Belleville and Ottawa that I mentioned a moment ago are all being financed using AFP. So is phase 2 of the Sudbury Regional Hospital, which was launched on March 23, accommodating more than 400 beds upon completion. So, in fact, is the Durham courthouse, which I discussed earlier. It has the distinction of being amongst the first non-health-care projects built using the new financing method.

All these projects would not have started as soon had we relied on traditional methods. Yet, all these projects simply could not wait. But what's most important about the innovative techniques we are using is that value for money is being demonstrated. Infrastructure Ontario has done a great job executing our bigger construction projects and, using AFP to do them, it has conducted a value-for-money report and audit for all of these projects. The results are impressive. I want to give you two examples: The Montfort Hospital realized a saving of \$19 million over traditional methods; and the North Bay Regional Health Centre saved \$56.7 million.

We're getting projects built that otherwise would be languishing on drawing boards. More importantly, critical projects are being done for less than we would have paid using traditional methods. I think that's quite an accomplishment.

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No discussion of infrastructure would be complete without transportation. The simple fact is that Ontario's economic success and quality of life are dependent upon an integrated transportation system composed of firstclass public transit, well-maintained provincial highways, safe local roads and bridges, and efficient border gateways. That's why out of the \$30 billion that make up ReNew Ontario, we are dedicating \$11.4 billion to transportation. That's also why last year we introduced Move Ontario, an additional \$1.2-billion investment in public transit, including \$400 million for local roads and bridges. This initiative is supporting the expansion of rapid transit in Brampton, Mississauga, Toronto and York region and includes funding for the extension of the York-Toronto subway line, for the Brampton Acceler-Ride initiative, for the construction of the Mississauga bus rapid transit corridor and for enhancements to the York Viva rapid transit system. Indeed, our government was pleased to finally welcome the federal government's support for these urgent projects on March 6, when Prime Minister Harper joined Premier McGuinty to confirm Ottawa's funding commitment.

But our government's support for transit and transportation doesn't stop there. This year, \$313 million is being distributed to 86 transit systems that provide service in 104 communities across this province. By 2010, the province will have provided \$1.6 billion in gas tax funding to Ontario's municipalities. We're investing \$468 million for provincial highways in northern Ontario in 2007 and 2008. Finally, the Greater Toronto Transportation Authority, which was created last year, is now up and running under the very capable leadership of former Burlington Mayor Rob MacIsaac. The GTTA is going to be key for us to develop a long-range, integrated transportation plan for the GTA and Hamilton. Indeed, the fewer people we have in our cars, the less time the people who are in the cars have to spend in them and the cleaner our air will be. To me, that is a very big deal indeed.

On the last note, on the environment: Earlier this year, our government took another green step forward with the Bag It Back deposit return program. Under this program, Ontarians can return empty alcohol containers—

The Chair: Minister, I'm going to interrupt you for just a second. Your time has expired. However, the government members will have a 30-minute segment after the two opposition parties have time. If all members agree, we could allow the minister to finish his speech—he has five pages left in his speech—and it will come out of the government members' time when their turn comes around. Does that have everybody's acceptance?

Hon. Mr. Caplan: I am certainly in your hands, Mr. Chair.

The Chair: Seeing no objections, it's okay with government members?

Hon. Mr. Caplan: All members could agree to just allow me to finish right now, if that were agreeable.

The Chair: In the interest of continuity, why don't you please proceed. The clerk and I will check the time and it will just come out of the 30-minute round for the government.

Hon. Mr. Caplan: That's great. Under this program, Ontarians can return empty alcohol containers, like wine and spirit bottles to The Beer Store for a refund on the deposit they paid when they bought them. The Beer Store already operates one of the most successful container return programs in the world and is perfectly placed to take on this additional role. The program is expected to divert some 80 million bottles or about 25,000 to 30,000 tonnes of glass from our landfills every year and will free up space in the existing blue box program.

I've had occasion to return a few bottles to the Beer Store, and I'm sure some committee members have as well, and can testify that the program is working extremely well. I expect to have a first progress report on the deposit return initiative in July and will be happy to

share this back with committee members.

I can tell you that I recently had the pleasure of attending a promotional event at the LCBO promoting the Bag It Back program and am very pleased to note that members from all sides of the Legislature participated. So it's obvious that it's a program that all three parties support—and why not?

Ontario is now the only jurisdiction in North America to have both a widespread, comprehensive blue box program and a deposit return program, and we should

celebrate that leadership.

I believe I have given you a thorough overview of my ministry and what we've been up to these last few months, but there is of course one last item that does need to be mentioned. I'm talking about the Ontario Lottery and Gaming Corp. and the controversy that has arisen over the past few months since the Fifth Estate program first aired concerning the corporation and the Ombudsman's announcement that he would be reviewing the corporation. He has, as you know, since released his report. So let me say a few things.

What happened to Mr. Edmonds, and what was pretty clearly shown to have happened to other people as well, is an absolute disgrace. Both in his court case and by sharing his story with the public, Mr. Edmonds did a service to Ontarians and a service to this government by pointing out what had been going on for some time.

The Ombudsman is also to be commended for his very thoughtful and insightful report. The Ombudsman was very clear and helpful in pointing out things that should be done to better protect the public trust and ensure the integrity of the lottery system. I have been very clear in directing the OLG to implement the recommendations that he makes. I am also working closely with my colleague the Minister of Government Services to ensure that those recommendations that fall under the government's purview are implemented as well. We are also implementing the recommendations made by an independent consultant, KPMG.

Finally, with respect to possible suspicious wins, I have directed the OLG to co-operate fully with the Ontario Provincial Police in the review that they have undertaken. I am pleased that the OPP is looking into this. I do understand that they've referred the matter to the Toronto Police Service, and if they find that laws were broken, I know that they will act accordingly.

The point here is that we take—that I take—what has happened here extremely seriously. Ontarians deserve to be able to trust their public institutions. In this case, our government is doing all that it can to ensure and indeed strengthen that trust. We have acted and continue to act as a government should in the face of these findings.

As the Ombudsman has noted, the problems within the lottery system are deep-rooted and long-standing. In fact, he notes that the OLG reached a critical juncture back in 2002 and at that point acted to pursue profits at the expense of the public interest. Our government was not in power in 2002. Still, these are issues we take very seriously and we will do all that is necessary to ensure that those mistakes are not repeated.

The facts here are very simple: We learned of a situation and we have responded decisively and appropriately. The Ombudsman himself said, "I commend the minister and the government for its openness and responsiveness to my report and recommendations and for their immediate and resolute commitment to ensuring change."

Ladies and gentlemen, I want to repeat what I said at the outset: that it is indeed an honour and a pleasure to be here to participate in this process. I am conscious of the time limitations and I'm aware that you have many questions, which I intend to answer to the very best of my abilities.

I am very proud of the accomplishments of the government and of my ministry. When we talk about infrastructure, we use words like "bricks," "mortar" and "backbone." What it comes down to is that we make it possible for the government to deliver to Ontarians the things that make us a society: health care, education, the simple ability to travel back and forth; and, of course, clean water, fresh air and green space in which to wander and play.

We do these things very well, and the province is better for it. I sit before you today very proud to be associated with the McGuinty government in the great province of Ontario. Mr. Chair, thank you very kindly for allowing me to complete my remarks.

The Acting Chair (Mr. John Yakabuski): Thank you very much, Minister Caplan. We will now go to the official opposition for 30 minutes.

Mr. Tim Hudak (Erie–Lincoln): Minister and Deputy Minister, thank you very much for your attendance and your presentation today. It's also good to see the support staff from Public Infrastructure Renewal. Before I begin, I do want to welcome Brad Graham back from his trip to Philadelphia. I'm looking forward to the announcement of Mr. Graham's return with prize in hand: the third consecutive minister's statement regarding the award in the United States. And, keeping with tradition, happy birthday to Victoria Vidal-Ribas, as well. Happy birthday—

Hon. Mr. Caplan: I think that's in October. Paul Evans as well.

**Mr. Hudak:** I just wanted to keep the tradition going. **Hon. Mr. Caplan:** Thank you.

**Mr. Hudak:** I think, as you can appreciate, Minister, the official opposition wants to talk about the interaction of your ministry and the OLGC in our initial series of questions, particularly how your office organizes itself. Perhaps the deputy could point me to the proper part of the estimates binder for the ministry that deals with the agencies division.

**Ms. Carol Layton:** I can indeed do that. It's reflected on page 35 of 63 as far as the operating expense of the agencies division. The OLG is a consolidated agency, so you would not see numbers represented in that context.

**Mr. Hudak:** But the part of the ministry responsible for interacting with the agencies, the lottery and gaming corporation, it is his division, found on page 35?

**Ms. Layton:** In terms of operating expenditures.

Mr. Hudak: Operating expenditures.

**Ms. Layton:** Which is a combination of more than just, though, the OLG. It's also the other agencies they deal with. Those expenditures, which are their payroll and operating, relate to ORC and LCBO.

Mr. Hudak: Appreciate it. Minister, the organization chart on page 11 also shows the structure of the agencies and the reporting relationship. It does have a direct line to the minister. I don't see a similar reporting relationship to the civil service. I wonder if you could help me to understand how the agencies report in, in the organization chart on page 11.

Hon. Mr. Caplan: I think that refers to the chairs of the individual agencies themselves. The agency's branch, I think you'll see underneath at ADM agencies division,

at the far left of the organizational chart.

Mr. Hudak: So, Joyce Barretto would be the director?
Ms. Layton: The ADM—the assistant deputy minister.

**Mr. Hudak:** Thank you. ADM responsible for that division is—is Ms. Barretto with us today? Is she able to come forward?

Ms. Layton: Sure.

Mr. Hudak: Ms. Barretto, nice to see you again.

Ms. Joyce Barretto: Nice to see you.

Mr. Hudak: Ms. Barretto and I have encountered each other on some happy occasions down on the Niagara Peninsula—a celebration of her father's work, if I recall correctly?

Ms. Barretto: Yes. With the Grimsby Benevolent

Fund. Thank you for remembering.

**Mr. Hudak:** It was a very nice ceremony; it's nice to see you again. Help me understand, Ms. Barretto. In terms of your interaction with the Ontario Lottery and Gaming Corp, who reports to you?

**Ms. Barretto:** Actually, we have an oversight and governance relationship with the agency and we actually have a number of vehicles by which we work with the agency at a staff level. There are a number of people who interact, depending on the type of issue that we would be discussing.

Mr. Hudak: Does anybody from the OLGC report directly to you?

Ms. Barretto: No, they do not.

**Mr. Hudak:** So who would give you your information on what's happening at the lottery and gaming corporation?

Ms. Barretto: We would receive that through staff, through regular meetings, updates, sharing of issues notes, vehicles of that sort.

**Mr. Hudak:** There must be a regular liaison, if not a day-to-day liaison, with the operations of the OLGC. Who does that?

Ms. Barretto: Both myself, my director and my staff would deal with various people in the agency.

**Mr. Hudak:** Okay. Can you let me know who you deal with at the lottery and gaming corporation?

Ms. Barretto: We would deal with some of the staff at that agency, so it would be some of the communications issues managers. Some of those staff have changed over the last little while. Certainly, there are various levels of relationships. Obviously, the first and primary one is the chair to the minister himself, then the CEO to the deputy and then the staff at various levels to me and my staff.

**Mr. Hudak:** So you wouldn't have met with Duncan Brown as the CEO on a regular basis?

Ms. Barretto: No, I would not. Mr. Hudak: Have you ever?

**Ms. Barretto:** A number of times over the couple of years, but not on a regular basis. The deputy would've had more opportunity to do that.

Mr. Hudak: The lottery and gaming corporation had an issues management division—somebody that would inform the ministry of day-to-day issues. Who headed up the OLGC, or, who heads up the OLGC issues management division?

Ms. Barretto: I'm not sure. We didn't deal with the people who headed up the issues. We dealt with our chief liaison, which were two staff at the time—Joe Vecsi and Jake Pastore.

Mr. Hudak: Is Mr. Vecsi no longer with the OLGC?

Ms. Barretto: He's no longer with the organization.

Mr. Hudak: And the other individual?

Ms. Barretto: Jake Pastore.

Mr. Hudak: Who replaced Mr. Vecsi?

Ms. Barretto: I'm not sure, actually. I'm not sure that he has been replaced.

Mr. Hudak: You've been in this position for a couple of years, but not—

Ms. Barretto: A year and three quarters.

**Mr. Hudak:** In your entire time, did you work with Mr. Vecsi and Mr. Pastore?

**Ms. Barretto:** My staff did work directly with them, yes.

**Mr. Hudak:** You also do have some people who report to you as ADM: the director of gaming and alcohol policy, Barbara Hewett. What is Ms. Hewett's responsibility?

Ms. Barretto: She's the director of the gaming and alcohol policy branch, so she supervises the staff who

work directly with both the LCBO as well as the lottery and gaming corporation.

Mr. Hudak: Who would she interact with at the OLGC?

**Ms. Barretto:** She would also interact with Jake and Joe and other members of the organization, depending, as always, on the issue.

Mr. Hudak: Mr. Vecsi and Mr. Pastore—what were their titles?

Ms. Barretto: I would have to get their official titles. I don't remember them offhand.

**Mr. Hudak:** Is it the equivalent of a director level, or is that not a fair comparison?

Ms. Barretto: No, I don't think they have the same equivalencies.

Hon. Mr. Caplan: We'll follow up.

Ms. Barretto: We can absolutely follow up for you.

Mr. Hudak: Who, in the OLGC structure, did they then report to? Who would be their immediate superior?

Ms. Barretto: I believe, for the bulk of that, they reported to an Alan Berdowski—and I don't know how to spell that.

Mr. Hudak: And Mr. Berdowski's title?

Ms. Barretto: Once again, I would have to get back to

Mr. Hudak: Mr. Berdowski had a direct reporting relationship with the CEO?

Ms. Barretto: I believe so.

**Mr. Hudak:** The deputy would meet with the CEO, who was Duncan Brown and now will be Michelle DiEmanuele until a permanent replacement is found.

Ms. Lavton: That's correct.

Mr. Hudak: How often did you meet with Duncan Brown?

Ms. Layton: The traditional frequency, as expressed in the memorandum of understandings that guide us, is usually at least quarterly, but certainly with Duncan and I, whether it's the calendar year or fiscal year, we probably had eight different meetings as well as various phone calls and BlackBerry exchanges.

Mr. Hudak: You worked for Mr. Brown for how

Ms. Layton: He started in—sorry, say that again?

Mr. Hudak: How long were you in the position when Mr. Brown was—

**Ms. Layton:** I started in October 2005, so over that period I would have had probably 12 or so meetings with Duncan.

**Mr. Hudak:** And your predecessor? I apologize; I should remember this. Your predecessor—

Ms. Layton: Geoff Hare was my predecessor.

**Mr. Hudak:** How did you find working with Duncan Brown? Was he a strong CEO?

Ms. Layton: Duncan Brown was a very committed individual to the organization, somebody who certainly knew the business and somebody who I found, in my working relationship with him, to be an effective one.

Mr. Hudak: Was he well regarded in the industry?

Ms. Layton: I can only speculate there in terms of whether he was well regarded in the industry.

**Hon. Mr. Caplan:** I don't think we should speculate. We should only answer what we know.

Ms. Layton: I think the industry would be best equipped to answer that.

Mr. Hudak: You've been the deputy minister for how

Ms. Layton: I've been deputy minister for about four years.

**Mr. Hudak:** You've worked for a number of individuals and agencies and such. Would you rate Mr. Brown as above average, below average, excellent?

Ms. Layton: Again, I would be speculating in terms of how I'd rate it. You have different relationships with every one of the CEOs that you work with. They're all different individuals, different personalities, but what's critical in all of them—

**Hon. Mr. Caplan:** I believe it is the job of the board to evaluate the president and CEO of the organization—

Mr. Hudak: I understand.

**Hon. Mr. Caplan:** So I don't think it's really fair to ask the deputy to usurp the role of the board.

Mr. Hudak: I'm not asking in terms of the review and if she would have given him a raise and that sort of thing. The deputy is obviously very successful in the civil service and has encountered many people in high-level positions. Did you have confidence in Duncan Brown's ability to run the Ontario Lottery and Gaming Corp.?

Ms. Layton: I certainly felt that Duncan Brown, again—I guess the key point I'd make on this one is that Duncan Brown was responsible for running the Ontario Lottery and Gaming Corp. It's an arms-length agency. The best I could do, certainly, through the relationship I had with him, was to provide oversight and an appreciation of the different issues. But at the end of the day, he was the one who was the leader of that organization, and so confidence in him is best expressed, I think, through his chair and his board of directors.

**Mr. Hudak:** I know the chair and the board of directors aren't before us. Did the chair and board of directors do reviews of Mr. Brown's performance on a regular basis?

**Ms. Layton:** It would only be the chair and the board of directors who would provide that review. Duncan Brown was under contract to the chair, so the annual performance would only be in that context.

**Mr. Hudak:** But you would know if Mr. Brown had a performance review?

Ms. Layton: Only in the context of the fact that the agency is obligated to provide us with an appreciation of performance ranges, but it's the responsibility, again, of the chair and the board of directors to determine performance of the executives in the organizations, in particular the CEO.

Mr. Hudak: I appreciate that. The chair and the board of directors would review the CEO, and they would then determine whether the CEO was eligible for a raise or any other kinds of improvements in their compensation.

But you as deputy would have knowledge about those reviews and if Mr. Brown had positive reviews from the chair and the board of directors.

**Ms. Layton:** In the months leading to the departure of Duncan through mutual agreement, there was not a conversation between the chair and I on the performance of Duncan in that context.

Mr. Hudak: I guess I'd ask, then, through you, Mr. Chair, if we could have information from the ministry through the board about performance reviews of Mr. Brown: how his salary was adjusted, if he had hit those performance goals. The salaries are all on the sunshine list—we know that—because Mr. Brown was of a level that he would appear on that list, but I would like to know about the—

Hon. Mr. Caplan: I'm not sure what can be provided. We'll certainly see. I don't know if individuals' performance reviews are made public. They are related to individuals, but we'll check and see what can be made available to you.

Mr. Hudak: My experience with Mr. Brown was a very positive one when he was the CEO of the alcohol and gaming corporation. The McGuinty government then moved him to the position of CEO of the Ontario Lottery and Gaming Corp. I can't speak for those experiences, but my view of working with Mr. Brown was that he was one of the stronger civil servants that I had worked with as a minister. I am worried that Mr. Brown was made a bit of a fall guy in this situation, but what will be important—

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**The Acting Chair:** Could you clarify that request so that we have it clearly?

Mr. Hudak: Any kind of performance appraisals done by the lottery and gaming corporation of Mr. Brown's job performance as CEO; how his salary was adjusted from the time Mr. Brown became CEO to the time that he was released from the lottery and gaming corporation; and if there are any minutes from the board or any other information that registered dissatisfaction with Mr. Brown's job performance or, to the contrary, praise or positive comments about Mr. Brown.

The Acting Chair: So to the extent that—

Hon. Mr. Caplan: —that can be provided. I don't know how much, but—

The Acting Chair: If you don't know, I certainly don't. But to the extent that it is available, you'll undertake to provide it.

Hon. Mr. Caplan: That's correct.

Ms. Layton: Appreciating that the contract for Duncan Brown was between Duncan himself and the chair; it was a contract that was not in the existence of the Ministry of Public Infrastructure Renewal nor predecessor ministries. This is an agency that has been in five different ministries in about six or seven different years. I think the key thing here is that the governance relationship was between Duncan and the chair of the agency, not between Duncan and myself, nor between Duncan and the minister. I think we just have to appre-

ciate that any compensation or remuneration was all in that confidential context.

Mr. Hudak: Well, whatever information, Chair, that is available in that regard—

**The Acting Chair:** We do know that your ministry is responsible for it now.

Hon. Mr. Caplan: Correct—since June 2005.

The Acting Chair: Unless we are told differently, your ministry should be able to provide—

Hon. Mr. Caplan: Whatever it is that can be provided.

**Mr. Hudak:** At the very least, the level of compensation has been part of public disclosure, so we should be able to glean something in that regard.

Hon. Mr. Caplan: That is certainly a matter of public record.

Mr. Hudak: When the lottery and gaming corporation—I'm just trying to think of how they interacted. Staff like Mr. Vecsi and Mr. Pastore would liaise with Ms. Barretto and her staff at the agency's branch. The deputy would meet at least quarterly, but probably about twelve times in your tenure as the deputy minister, with Mr. Brown.

Ms. Layton: Yes.

**Mr. Hudak:** Did Mr. Brown meet with the minister on a regular basis?

Hon. Mr. Caplan: I would not say on a regular basis. My interaction was mainly with the chair—formerly Mr. Tim Reid, currently Mr. Michael Gough—although Mr. Brown was present on a couple of those occasions. I would probably say two or three or four, going from a little bit of memory.

Mr. Hudak: How often would you meet with the chair of the lottery corporation?

**Hon. Mr. Caplan:** Generally, I meet with the chairs of all of the corporations under the agency's division on a quarterly basis. From time to time, because of scheduling, it may not be exactly within a three-month period, but roughly thereabouts.

Mr. Hudak: Specifically, how often did you meet with the chair of the lottery and gaming corporation in your time as minister, would you say?

Hon. Mr. Caplan: Roughly on a quarterly basis.

**Mr. Hudak:** Would you mind—Minister, I know that it's something that wouldn't immediately come to mind: the number of times that you did meet with the chair of the lottery and gaming corporation and Mr. Brown.

Hon. Mr. Caplan: We'll see what we can endeavour to find out for you.

Mr. Hudak: When you had your briefings with the lottery and gaming corporation, who was present in the room?

**Hon. Mr. Caplan:** That's a good question. I'm not really certain who was present.

**Mr. Hudak:** A large number of people? Just Mr. Gough, or Mr. Brown occasionally?

Hon. Mr. Caplan: You mean when we had quarterly—

Mr. Hudak: I don't mean your own staff, sorry; I mean people from the lottery and gaming corporation.

Hon. Mr. Caplan: From the lottery and gaming corporation, generally the interactions were simply the chair and, on occasion, Mr. Brown was present. And I would always have at least one member of my staff.

Mr. Hudak: No other staff from the lottery and

gaming corporation?

Hon. Mr. Caplan: I know maybe on one or two occasions there may have been somebody else, but it doesn't really come to memory right now who or how many individuals there were. Generally it was with the chair and, on a couple of occasions, with Mr. Brown.

**Mr. Hudak:** Ms. Barretto, if you had a concern with an issues management communication to your office, did you then contact the minister's office or would the lottery

and gaming corporation do that directly?

Ms. Barretto: I'm sorry, if I had an issue that I was—Mr. Hudak: Sorry, I should phrase that a bit better. If there was something of concern through the issues management side of the lottery and gaming corporation, would you then relay it to the minister's office, or was there direct contact with the lottery and gaming corporation?

Ms. Barretto: It was actually twofold. We would actually get information directly from the agency on issues that they thought needed to be brought to our attention. We would also talk to the agency directly and say, "We'd like to know a little bit more," or whatever that file might be at the time.

**Mr. Hudak:** Minister, in terms of the arrangement of your office, you have an issues manager by the name of—

Hon. Mr. Caplan: My issues manager is currently Christine Lall.

Mr. Hudak: And previous to that?

Hon. Mr. Caplan: Kevin Raymond.

Mr. Hudak: And anybody else who's been there during your capacity as public infrastructure—

Hon. Mr. Caplan: Not on the issues file.

Mr. Hudak: Describe the relationship, then, between your issues manager and the Ontario Lottery and Gaming Corp. How often would they interact?

Hon. Mr. Caplan: I'm not certain they ever interacted at all. What I can speak to is the arrangement that I had in my office. I believe that previously it was my chief of staff, Ross Parry, and currently my chief of staff, Wilson Lee, are the ones who have had the main interactions with Ontario Lottery and Gaming Corp.

Mr. Hudak: Whom would they deal with at the lottery and gaming corporation? What was the reporting

mechanism?

Hon. Mr. Caplan: Generally with Jake and Joe—Ms. Barretto: I can fill that in, if you like.

Hon. Mr. Caplan: I think Joyce might be able to—

Ms. Barretto: Yes. Let me just explain a minute on the process and how that works. As I said earlier, we would get issues raised either by the agency to us or we would ask issues of the agency. Our normal process would be to make sure that we had advised our communications staff and they, in turn, would make sure that that was being fed up into the system in terms of who would need to know and in what order. So I'm not sure if you caught that.

**Mr. Hudak:** I apologize for sort of running back and forth.

So if there were an issue that may be of concern in the political sense, like cost overruns at the casino, by way of example, hypothetically there wouldn't be contact directly with the minister's office?

Ms. Barretto: More often than not we would work through the issues department and deal with people in the agency and inform the minister's office and inform the communications staff of whatever the nature of the issue was.

**Mr. Hudak:** So, Minister, if there was something in the newspaper, in a Windsor paper or a Niagara Falls paper dealing with the lottery and gaming corporation, would your staff follow that up with the lottery and gaming corporation?

Hon. Mr. Caplan: Generally—

Ms. Barretto: They come to us.

**Hon. Mr. Caplan:** No, generally they go to the agencies branch.

**Ms. Barretto:** Yes. Generally that would be flagged earlier in the day and it would be flagged through the normal issue system that the ministry adopts.

Mr. Hudak: Did it ever happen that there was direct contact?

Hon. Mr. Caplan: With the issues management individual?

Mr. Hudak: Yes.

Hon. Mr. Caplan: I don't believe so; no.

Mr. Wilson: Mr. Chair, how much time is left?

The Acting Chair: You have 12 minutes left, approximately.

Mr. Jim Wilson (Simcoe–Grey): Minister, I've been dying to ask you, and my constituents ask me quite frequently—particularly the case of the lady, and this is again with the OLG: A \$12.5-million prize, her brother got her the ticket somehow in Super 7, she lied in her affidavit and her ticket was expired. I've had expired tickets and have been told by the lottery corporation, "Don't even bother bringing them in. Just throw them out and don't look them up just in case you did win.

**Hon. Mr. Caplan:** Who told you that, Mr. Wilson?

Mr. Wilson: It's the rule.

**Hon. Mr. Caplan:** So you were told, but you don't know who told you that?

Mr. Wilson: Yes, but I'm asking the questions here. Hon. Mr. Caplan: I'm just trying to understand—

Mr. Wilson: I'm not going to give away a confidential source, because she works—

Hon. Mr. Caplan: Confidential source?

Mr. Wilson: —very senior in the OLG. Hon. Mr. Caplan: Oh, okay.

Mr. Wilson: How do you justify that, and what are you doing to recover it?

Hon. Mr. Caplan: In fact, as you're well aware, the Ombudsman, through his investigation, brought forward a number of particular cases which he identified going through the information when he conducted his own investigation. On the day of the Ombudsman's report—I believe that was March 26 of this year—I directed that all of the information, all of the files, all of the things that the Ombudsman—

Mr. Wilson: What are you doing to actually recover—

Hon. Mr. Caplan: Please let me continue.

**Mr. Wilson:** I've heard all this 100 times. What are you doing to actually recover it? I've never heard that.

**Hon. Mr. Caplan:** Please let me continue. As I was saying, I directed that all of the files, all of the information that the Ombudsman reviewed, be referred directly to the Ontario Provincial Police for their review, and they would be the appropriate ones to decide to take whatever the appropriate next steps are.

**Mr. Wilson:** Why wouldn't you take these people to court?

Hon. Mr. Caplan: If I may-

Mr. Wilson: Why wouldn't you take her to court?

Hon. Mr. Caplan: —Chief Fantino has determined that it is appropriate that the matter be referred to the Toronto Police Service for their review, and they are conducting that review currently. So this is a matter that is currently in front of the police.

**Mr. Wilson:** Why wouldn't the government take these people to court? If you know who the lady is, and you're pretty sure it's fraudulent, why don't you just go to court?

Hon. Mr. Caplan: I note, Mr. Chair, that Mr. Wilson makes a claim that we know something is fraudulent. I believe only the lawful authorities can make that determination. That's why it's appropriate that the police review these matters, decide what the evidence is, if there has been a wrongdoing, what charges should be laid and what the appropriate next steps are. I'm rather shocked that Mr. Wilson would want to circumvent the lawful process in this province.

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Mr. Wilson: You know what's shocking here is that you have up to a \$100-million scandal, you take no accountability for it at all, you don't take anything to do with ministerial responsibility, you completely rewrite the book on how things are supposed to run in a parliamentary democracy, and you have the gall to just slough it all off to the police. You don't seem to have done anything to clean up anything. You're putting the police in a horrible situation. You were supposed to manage this situation and you've done nothing to manage this situation.

**Hon. Mr. Caplan:** I completely reject the opinions—everyone is entitled to their own partisan political views and the member is entitled to his opinion.

**Mr. Wilson:** It's not a partisan political view; it's a fact out of an Ombudsman report.

Hon. Mr. Caplan: The member is entitled to his opinions. I completely disagree, not only with his stated opinion and characterizations. I think the Ombudsman, in fact, who is an independent officer of the Legislature, comments on these matters quite directly, where he commends me as the minister and commends the government for our efforts, for our openness, for our responsiveness, for taking the appropriate steps in calling in KPMG.

I'm not under any illusion that members of the Legislature in a partisan nature may have different views, but I think we should rely upon the independent view of an officer of the Legislature as well. Our police are independent. They are the proper lawful authority to make the determination as to whether fraudulent acts allegedly have been committed. I have confidence in the OPP and the Toronto Police Service.

**Mr. Wilson:** Minister, thank you very much. We've heard this a thousand times. I'm going to take my prerogative in questioning and cut you off.

The Acting Chair: It is the opposition's time to ask questions.

Mr. Wilson: I just have a final point.

**Hon. Mr. Caplan:** But I hope it's clear that the member's opinions are only that and I vehemently disagree.

**Mr. Wilson:** What's clear is that your government refuses to take responsibility. I was the first minister to step down.

Hon. Mr. Caplan: I disagree with you, sir.

**Mr. Wilson:** Well, you've taken no responsibility. You've done nothing personal about it. You're the top guy in the organization, and if you don't take responsibility, then how does everybody below you care about accountability? You're a horrible example.

**Hon. Mr. Caplan:** In the case that Mr. Wilson refers to, I believe a member of his staff accessed confidential billing information of—

Mr. Wilson: They didn't access anything.

**Hon. Mr. Caplan:** —an opposition critic for the purpose of disseminating it across the province.

**Mr. Wilson:** If you'd read the report from the privacy commissioner—

**The Acting Chair:** Minister, Mr. Wilson, we'll try to have a debate; well, we're not having a debate but—

Mr. Wilson: I stepped down and did the right thing-

**The Acting Chair:** —you'll ask the questions and he'll give the answers. How about that?

Mr. Wilson:—and let an independent officer of the Legislature look at the matter. I stepped down for 10 weeks. I knew I hadn't done anything wrong. I dismissed the employee, not as a scapegoat, and the report finally said that all he did was pass on a rumour. All the deputy ministers, ADMs, directors, managers, everybody that testified, said that there is no way that the minister's office had access to that information. But I did the right thing. I did what I had learned in school, not only in theology but in political science in my degrees. I did what had been done for years and years. In parliamentary tradition you step aside. You clear the air. You make an

example. So I'm going to ask you, would you do anything different from what you've done?

Hon. Mr. Caplan: I think the Ombudsman comments quite clearly—when he said in his March 26 press conference, "I conclude that they"—referring to the OLG—"put profits ahead of public service." I think there was a point, a crossroads, in 2002. At that point, the OLG could have gone two ways: It could have said, "We'll apply the law and take the measures to act diligently." Mr. Wilson was a member of the executive council—

**Mr. Wilson:** This is an extension of the House. He gives the same answer all the time in the Legislature. I don't need to hear it again. Let's get something new.

Hon. Mr. Caplan: The member asked a question.

The Acting Chair: Minister, he asked you a question. Hon. Mr. Caplan: I'm endeavouring to do my very best to answer it. Mr. Wilson clearly, as a member of the executive council at the time, did not take the appropriate steps to safeguard the public interest. I have. As the Ombudsman notes, we called in KPMG—

**Mr. Wilson:** I did not take the appropriate steps? I'm going to sue your ass off.

The Acting Chair: Mr. Wilson.

Hon. Mr. Caplan: That should be withdrawn.

The Acting Chair: Order, please.

**Mr. Wilson:** Well, you should apologize. What do you mean, I didn't take the appropriate steps? I stepped down and took full responsibility.

Hon. Mr. Caplan: I think that should be withdrawn.

The Acting Chair: Order.

Mr. Wilson: You take responsibility for nothing.

Hon. Mr. Caplan: I think that should be withdrawn, Mr. Chair.

Interjections.

Mr. Wilson: Well, it's a \$100-million scandal and he sits there and doesn't even take any accountability.

The Acting Chair: Mr. Wilson.

Hon. Mr. Caplan: In fact—
The Acting Chair: Hold on, Minister, please.

Mr. Wilson: You never read the full quote either.

The Acting Chair: Mr. Wilson, you're asking questions. The minister is giving answers. While he is giving his answers, if you are satisfied that the answer has been given, say so and we will move on. But while he is giving his answer, we have to at least give him the opportunity to do so. If you're satisfied that the answer has been given, let us know—this is your time—we will move on to the next question. Minister.

Hon. Mr. Caplan: Mr. Chair, I think member has just alleged that there has been a \$100-million fraud perpetrated. First of all, I don't know how the member can come to that conclusion, given that he's not a member of the investigative service or a police service in the province of Ontario. I have with me a copy of the Ombudsman's report where he makes no such finding either. So if the member does have some evidence—

Mr. Wilson: He clearly in his press conference—

Hon. Mr. Caplan: He clearly did not—

Mr. Wilson: —up to \$100 million; it was reported in 74 newspapers—

The Acting Chair: Mr. Wilson, please don't interrupt the minister. If you are satisfied with that the answer has been given, let us know and we will move on to the next question. We can't have this ongoing—

Mr. Wilson: Why not? It's the only debate he's ever had. He just keeps going on and on and on.

Hon. Mr. Caplan: Clearly, Mr. Chair-

Mr. Wilson: Someone needs to take you to task.

Hon. Mr. Caplan: I'm endeavouring to provide answers. But also, the premise of the question that Mr. Wilson has raised is simply wrong. The Ombudsman has made no such allegation that the member has stated here today. If the member has some evidence, I would recommend that he come forward to the OPP or the Toronto Police Service with what he knows, when he knew it, what evidence he has to support these allegations. Either that, or, as an honourable member, I suggest that the member withdraw his comments if he cannot back them up.

Mr. Wilson: I'm not going to get into tit for tat. You know what the Ombudsman said, you know what he said in his press conference and you have failed miserably to live up to any accountability at all. This stuff peaked in 2004-05 and you say that—you just brush it aside. You take no responsibility for it all.

**Hon. Mr. Caplan:** In fact, I do have the direct quote from the Ombudsman when he talks about the crossroads in 2002.

Mr. Wilson: You just already gave us that.

Hon. Mr. Caplan: He says the OLG could have gone two ways. We could have said we'll apply the law and take measures to act diligently. A month later Bob Edmonds surfaced and they pretended that binding law from the superior court didn't apply.

Mr. Wilson: Mr. Chairman, I'm not satisfied with this answer.

Hon. Mr. Caplan: Then it became a slippery slope. This member for Simcoe–Grey was a member of the executive council at that time, could have acted appropriately, could have taken the steps that the Ombudsman says were the appropriate things to do. These matters were brought to our attention through an investigative journalist's report and through the Ombudsman's report. My actions have been to call in KPMG to undertake a thorough review and analysis and to make recommendations; in addition to that, welcoming the Ombudsman's report.

I should tell you the status of the recommendations. Deputy, how many recommendations have been implemented already?

Ms. Layton: Twenty-two.

Hon. Mr. Caplan: Twenty-two of the 60 have been implemented. Additionally, following the allegations that the member unfortunately—

**Mr. Wilson:** This is just a filibuster. These are the same answers he's given in the House. I'm satisfied that I've heard his answer before.

The Acting Chair: Mr. Wilson, are you satisfied that this answer has been given? Would you like to put another question? You have one minute left?

**Mr. Wilson:** I just want to know, when this first broke—you must have known; we know you knew before the CBC story—what steps did you take? What did you actually do as a minister before the CBC—

Hon. Mr. Caplan: The fact is, this matter came to my attention in relation to a transcript of the interview that was conducted between the CBC and the spokesperson for Ontario Lottery and Gaming. That was provided Friday afternoon, I believe, on October 6, the Friday before the Thanksgiving weekend. The transcript was read over the weekend and on the Tuesday it was brought to my attention—approximately two weeks prior to the airing of the program.

Of course, the questions did not fully talk about all of the allegations or the substantive matters, but what my request at the time was, especially to the OLG—

The Acting Chair: Thank you, Minister. We've run out of time.

Hon. Mr. Caplan: We'll come back to it, I'm sure.

The Acting Chair: I'm sure we'll be back.

Hon. Mr. Caplan: I'm happy to do so.

The Acting Chair: We will now move on to the third party, Mr. Hampton.

Mr. Howard Hampton (Kenora-Rainy River): Chair, what time is it?

The Acting Chair: It is 5 o'clock, on this clock.

Mr. Hampton: I want to thank the minister and deputy minister and staff for being here. I want to ask some questions about Infrastructure Ontario. I guess the first question I'd like to ask is this: In terms of the Ministry of Public Infrastructure Renewal, who are the people within the ministry who have oversight over this area and who would liaise with Infrastructure Ontario?

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Hon. Mr. Caplan: It is twofold. We do have an infrastructure policy branch that does considerable work as far as preparing the work for the capital budget, the annual budget cycle and the preparation of the ReNew Ontario plan, but the main liaison with Infrastructure Ontario is through the agencies division, and we have ADM Joyce Barretto here to answer questions that you might have.

**Mr. Hampton:** I see a number of ADMs, so I take it that the ADM for agencies branch, Ms. Barretto, would have primary responsibility?

Hon. Mr. Caplan: She's right here.

**Mr. Hampton:** Would any of the other ADMs have responsibility for working with—

Hon. Mr. Caplan: Yes. As I mentioned, one of the branches of the ministry is the infrastructure planning and policy division, which does work on the capital plan submissions and on the policy related to infrastructure. I believe in this document it probably lists Paul Evans as the ADM, but we do have—

Interjection.

**Hon. Mr. Caplan:** Oh, we have acting ADM Bill Hughes, who heads up that division, here as well. So it would be those two.

Mr. Hampton: Those two? No one else?

Ms. Layton: Actually, let me just add a little more to that. Those are the primary contacts, but you can appreciate that with this particular agency, which is doing projects that are public works projects in the case of, for example, courthouses and government buildings, the liaison is largely through the agencies division, Joyce Barretto, but in the context of the broader public sector sort of projects that it's doing, like hospitals, it would be through Bill Hughes of our infrastructure policy and planning division. But I would also indicate, because I would like to give fair acknowledgement, the team of people who actually did most of the heavy lifting on the initial set-up of this agency, because it is a fairly new agency, just over a year. That's actually a smaller team of people which is called the strategic asset management unit. It was the team of people under Mahmood Nanji that provided a lot of the work, supported by our legal services branch as well as our corporate services branch, in terms of working through things like legislation, regulatory changes, mandate expansions—because we also merged the Ontario Strategic Infrastructure Financing Authority into the agency. That was huge work that required the skills of our human resources folks. So in many ways most of the ADMs that you see on that org chart have had some sort of association with the agency.

Hon. Mr. Caplan: As well as the ORC.

Ms. Layton: And certainly the ORC. The other point to make there—

**Hon. Mr. Caplan:** The Ontario Realty Corp. has quite a relationship—

**Mr. Hampton:** Okay. I think I get enough of a picture for now.

I want to ask you how many—you call them P3 hospital projects; I call them profit-driven privately financed hospital projects. How many P3 hospital projects have been announced?

Hon. Mr. Caplan: There are no P3 projects. There are two that were started originally by the previous Conservative government. The Royal Ottawa Hospital and the William Osler hospital are the only P3 projects. We have a different methodology—it's called alternative finance and procurement—which is quite a bit different from both New Democrat and Conservative style of P3s. It's rooted in—

**Mr. Hampton:** Chair, that's fine. So how many alternative finance hospital projects have been announced?

Hon. Mr. Caplan: About 40?

Ms. Layton: I think it's about 35 different projects that are out there in terms of the actual announcements, 35 hospitals that we're working on, and so in some context there's some of them where we've had ground-breaking, others where we've—

Mr. Hampton: Do you have a list of those? Hon. Mr. Caplan: They're on the website.

Ms. Layton: The website of Infrastructure Ontario.

**Mr. Hampton:** So everything that's on the website, that's it?

Hon. Mr. Caplan: There's not just hospitals. There is also Durham courthouse, GTA Youth Centre—

Mr. Hampton: I'm concerned about hospitals now. Could you identify each of the announced alternative financing hospital projects for which a winning bidder has been selected, as well as who the winning bidder is?

Hon. Mr. Caplan: Sure. To date, I believe we've had four. There's the Montfort Hospital. We'll try to get you the winning bidders. There's been the Sudbury Regional Hospital. There's been the North Bay Regional Health Centre and there's been the Quinte Health centre as well. There are some which are in the tendering or the various bid stages currently, but there has not been a project agreement which has been reached yet.

**Mr.** Hampton: The North Bay alternative financing—profit-driven, private-finance hospital contract—has been finalized, right?

Hon. Mr. Caplan: That's correct.

**Mr. Hampton:** Have the contracts on any of the other profit-driven, private-finance hospitals been finalized? And which ones?

Hon. Mr. Caplan: As I said, Montfort Hospital, the Ouinte hospital and Sudbury regional.

Mr. Hampton: So those have all been finalized?

Hon. Mr. Caplan: That's correct.

Mr. Hampton: I want to focus on the North Bay project for a while. I know that the contract with the winning bidder, Plenary Health, has been posted on the Infrastructure Ontario website.

Hon. Mr. Caplan: That's correct.

**Mr.** Hampton: I want to ask you: Has any information contained in the contract been removed or left out of what was posted on the website?

**Hon. Mr. Caplan:** The only information that would be left out would be either proprietary or commercially sensitive information.

Mr. Hampton: What do you mean by proprietary or commercially sensitive?

Hon. Mr. Caplan: For example, if a particular construction company or consortium had a particular method of delivering or contracting with whomever they would that was the reason that they were able to be more competitive than others who were bidding, we would not force them to disclose to the competitors how they were able to have the winning bid and be in a more competitive situation. We would allow them to keep their proprietary know-how and ability confidential.

Mr. Hampton: I take it, then, that some financial information has been removed from the posting or was not

put in the posting.

Hon. Mr. Caplan: There may well be financial information that was particular to the individual consortium which would have been set up. As well, anything that would compromise the financial interests of the province would not be disclosed.

Mr. Hampton: How could something compromise the financial interests of the province?

Hon. Mr. Caplan: Anything, for example, which would indicate credit-worthiness or—Bill, what are the elements that a consortium or company would want to not have disclosed?

**Mr. Hampton:** No, you referred to the province, that it would compromise the financial interests of the province. That's what I want to know.

Hon. Mr. Caplan: Okay, I think I misspoke. Like the

pricing structure that they would set up-

Mr. Hampton: So, there is nothing here—you're not alleging, then, that something would compromise the financial interests of the province?

Hon. Mr. Caplan: No.

Mr. Hampton: So, we're talking about company information?

Hon. Mr. Caplan: Sure.

**Mr. Hampton:** So, just to be clear, then, we do not have complete financial disclosure on the Infrastructure Ontario website in respect of the North Bay profit-driven, private-finance hospital project?

Hon. Mr. Caplan: No, we do have complete disclosure, save and except for those items which would be

either proprietary—

Mr. Hampton: I was very specific: We do not have complete financial disclosure? There are some financial numbers that are not included, for whatever reason?

**Hon. Mr. Caplan:** I think I've been very clear, Mr. Chair: Those items which would either be proprietary or commercially sensitive would not be included on a public posting of a contract.

**Mr. Hampton:** Chair, I'm going to ask the question again. We do not have complete financial disclosure; there are some financial numbers that are not included in the disclosure which is on the website? Yes or no.

**Hon. Mr. Caplan:** I think I've answered now, and I will for the third time, that all of the information is there, save and except anything which would be proprietary or commercially sensitive, which would be excluded from the posting on a public website.

Mr. Hampton: Chair, I didn't ask about— Hon. Mr. Caplan: I think that's very clear.

**Mr. Hampton:** My question wasn't about proprietary. My question is: Have some financial numbers been excluded from the posting on the website? Yes or no.

**Hon. Mr. Caplan:** I think I've indicated, Mr. Chair, very clearly that everything is posted, save and except for anything which would be proprietary or commercially sensitive. They would be excluded and not posted in the contract on a public website.

Mr. Hampton: And that includes some financial numbers?

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**Hon. Mr. Caplan:** I must admit, I don't know the extent to which that would happen, but—

Mr. Hampton: That's why we have the staff here. So, Ms. Barretto, could you tell us—or Mr. Hughes. Are some of the numbers that are excluded financial numbers?

Mr. Bill Hughes: Yes.

Mr. Hampton: Thank you very much.

The Acting Chair: Sir, for the purposes of Hansard, because we have not had you recorded yet, could you give your name before you answer that?

Mr. Hughes: Sorry. My name is Bill Hughes.

The Acting Chair: And your position?

Mr. Hughes: Acting assistant deputy minister of the infrastructure policy and planning division.

**Mr. Hampton:** I should have asked you in the first place. I wouldn't have had to ask the question five times. Thank you very much.

My reading of the material is that in order to show that the profit-driven, private-finance approach makes financial sense for each profit-driven, private-finance hospital project, a value-for-money study is done to assess the costs of building the hospital using the traditional public sector model versus the costs of the final agreement with the winning private bidder. Is that right?

Mr. Hughes: Yes.

Hon. Mr. Caplan: That's correct.

**Mr. Hampton:** So there's a so-called value-formoney study done?

Hon. Mr. Caplan: Correct. Mr. Hughes: Correct.

**Mr. Hampton:** PricewaterhouseCoopers was hired to do a value-for-money study for the North Bay profit-driven, private-finance hospital project. Is that correct?

Mr. Hughes: For the North Bay AFP project, yes. That is correct.

**Mr. Hampton:** Has the PricewaterhouseCoopers audit been released to the public in its entirety without any information being removed or held back?

**Mr. Hughes:** What's released to the public is on the IO website, so there's a value-for-money report on the IO website that has a letter from PWC. As far as I know, that's what has been released.

Hon. Mr. Caplan: I believe that's currently posted on the website.

**Mr. Hampton:** My question: Has the Pricewater-houseCoopers study been released to the public in its entirety without any information being removed or any information being held back?

Mr. Hughes: No, for the same reasons the minister explained a minute ago. There is commercially sensitive information and proprietary information in any of those kinds of studies, and any of that information, if publicly available, could compromise the province's ability to get a good price on future Infrastructure Ontario projects. So information of that nature is not released.

**Mr. Hampton:** So financial information has been excluded again in the PricewaterhouseCoopers study that was posted?

Mr. Hughes: For the reasons indicated by the minister.

Mr. Hampton: I don't care about the reasons; I just want to be clear.

Hon. Mr. Caplan: Okay. Don't confuse me with the facts, Mr. Chair.

**Mr. Hampton:** However, some selected information from that PricewaterhouseCoopers report has been released on your website. The document is called Value for Money Assessment. But it's not the original PricewaterhouseCoopers value-for-money study, is it?

Hon. Mr. Caplan: I don't know what you're referring

to, Mr. Hampton.

**Mr. Hampton:** I guess I'm asking Mr. Hughes. Was there an earlier iteration of the PricewaterhouseCoopers study? In other words, was there an earlier PricewaterhouseCoopers report, and this one is a revised one?

Mr. Hughes: Not that I know of.

**Mr. Hampton:** So this is the original study, unrevised—

Mr. Hughes: This is a value-for-money summary.

Mr. Hampton: Yes. So it's a summary of the earlier.
Mr. Hughes: Right, with the exclusions identified by the minister.

**Mr. Hampton:** There's a bit of a difference between taking the original study and removing sensitive information and providing a summary. I think you would agree. There is a difference there, isn't there?

Mr. Hughes: Yes. sure.

**Mr. Hampton:** Okay. So the summary that is provided does a couple of things. One, it takes out some financial numbers that, for whatever reason, you feel are sensitive or, for corporate reasons, should not be disclosed. Is that right?

Mr. Hughes: Yes.

**Mr. Hampton:** Does the summary eliminate anything else?

Mr. Hughes: I don't know the answer to that.

**Mr. Hampton:** How do you mean you don't know anything else—you can't answer that?

**Hon. Mr. Caplan:** Well, you asked a very broad question. Do you want to narrow the question down?

Mr. Hampton: Does the summary leave anything else

Mr. Hughes: I haven't seen the PWC study, so I can't

speak to what's left out and what's not.

Ms. Layton: If I could just jump in a little bit as well, I sit ex officio on the board of directors of the OIPC; I don't sit as a voting member. It's at those board meetings that the value-for-money study comes in, at two different points: early on, when you're dealing with estimates, and so you're working with something called an adjusted shadow bid, in the case of the AFP project, as well as with the public sector comparator; and then once the bids come in, there's a presentation that's also given that shows it based on the actual numbers that come in at the preferred bid stage. Those are presentation formats. There's no doubt that there are spreadsheets behind all of that, but the board of directors sees a presentation format. The material that is then produced to go onto the OIPC website is a report that is written for more general consumption, and therefore it is one that is written in, I guess it would be fair to say, reader-friendly terms, not unlike the excellent document that I think you probably have with you that does show how value for money is assessed through the agency.

Mr. Hampton: So I go back to my original point: What gets printed on the website has probably gone through a couple of iterations, then. Not only is it not the real study, but as you point out, this process goes through several iterations before you come up with some numbers, and some of the numbers are left out in the summary.

Ms. Layton: It's a very detailed process. There are workshops with cost consultants; there are an awful lot of different pieces to this whole method. It takes weeks to actually work through the value-for-money assessment that is ultimately released publicly.

**Mr. Hampton:** On page 11 of the summary, I guess it is, the value-for-money assessment, there's a chart which basically says that the base cost of the hospital project, using the traditional public sector approach, would be \$404.6 million. Is that correct?

**Ms. Layton:** That's in the illustration that you're looking at?

Mr. Hampton: Yes. I'm talking about the graph.

Ms. Layton: Yes.

Mr. Hampton: And the base cost of the Plenary Health profit-driven project is \$551.7 million. Is that correct?

Mr. Hughes: Also correct, yes.

**Mr.** Hampton: That's a \$147-million deferential. Is that right?

Ms. Layton: That's right.

Mr. Hampton: What's the reason for that \$147-million difference? You've got the traditional public sector approach on this side and you've got what you call alternative finance—or as I say, a profit-driven, private finance hospital—on this side. But just in the base cost, there's a \$147-million difference. You told me that this is a very methodical process; you go through several meetings. So you must be able to tell me, what are the things which result in that \$147-million difference?

**Mr. Hughes:** The primary reason for the difference is financing costs.

Mr. Hampton: Financing costs? So borrowing costs?

Mr. Hughes: Right.

**Mr.** Hampton: So the borrowing costs for the profit-driven private finance hospital is how much more?

Mr. Hughes: I can't speak to that because it's part of the confidential details underlying the value-for-money study, as the minister explained earlier.

Mr. Hampton: So you must know the difference in the interest rate. There must have been an assumption on interest rates.

Mr. Hughes: Yes, and the underlying interest rate assumptions used by Plenary are confidential. They're commercially confidential and they are also a matter of provincial interest because, as I explained earlier, if we released financing assumptions for any of these projects, that would give an advantage to subsequent bidders and—

**Mr. Hampton:** You must be able to tell me what the public sector borrowing rate that was used would have been?

1720

Mr. Hughes: We could check that. It varies-

Hon. Mr. Caplan: I believe that traditionally they do break out separately the financing cost on top of the base cost, don't they? Or do they just include it in this?

Interjection.

Hon. Mr. Caplan: They include it in there.

Mr. Hampton: So can I just ask you, what was the public sector borrowing rate assumption that was used here?

Ms. Layton: Just speaking to not the North Bay project specifically but to the guide that is on the website, the notional public financing cost is calculated at the current provincial cost of borrowing, which is the notional public sector financing rate. It's estimated through readily available data. Infrastructure Ontario uses the simple average of yields on provincial bonds with a term of one year or longer as the estimated current borrowing rate.

**Mr. Hampton:** I want to ask you specifically with respect to the North Bay project: To arrive at these kinds of fairly detailed numbers, you must have used a public sector borrowing rate.

Ms. Layton: Yes.

Mr. Hampton: My question is specific: I want to know the public sector borrowing rate that you used for this chart. Either you must have used it or PricewaterhouseCoopers must have used it.

Mr. Hughes: We can find that—

**Ms.** Layton: Yes, sure. We can give you the details—part of the methodology.

**Mr. Hampton:** I want to know what that is. Now, you're saying that you're not at liberty to tell what the private, profit-driven borrowing rate was.

**Mr. Hughes:** Right, but we can give you the public sector rate. It's publicly available; we just have to look it

**Mr. Hampton:** But I want to know what it was for this specific project.

Mr. Hughes: Understood.

Mr. Hampton: Good. Thanks.

The higher cost of borrowing for the profit-driven consortium would be a big part of that \$147-million difference in added cost?

Mr. Hughes: Yes, it would.

Ms. Layton: Absolutely. The provincial cost of borrowing is going to be better than the cost of private sector borrowing. But I would also want to note that in that base cost you see, which is comprised of construction costs, life cycle costs, the hard and soft facility maintenance costs as well as under what we call the shadow bid, which is the bid that you do with the private sector consortium, you also have to appreciate that there's a cost associated with the private sector assuming risks that otherwise aren't there. I just want to make it clear that it's not just the—

Mr. Hampton: That's fine. I'll get into the details in a second. Thank you.

I think what I heard you say is that the higher cost of borrowing for the profit-driven, private sector consortia is the major part of that \$147-million difference.

Mr. Hughes: Yes. That's in the value-for-money

report.

Mr. Hampton: Okay. Then I want to ask you this: The company would also expect to make a profit; this profit-driven, private sector consortium would want to make a profit. Is that also—

Ms. Layton: They're not philanthropic organizations;

we admit that.

**Mr. Hampton:** I just want to be clear: Is that also in the \$147-million difference? Is that where it is?

Hon. Mr. Caplan: Presumably, yes.

**Mr. Hampton:** No, I'm not asking about presumably. You said that this was a detailed process. You looked at this, you looked at this and you looked at this. I'm asking the deputy, who sat in on this, is the profit that the profit-driven, private sector corporation wants to make also in the \$147-million difference?

Ms. Layton: In the material I've seen, I've never seen X equals profit. You don't see it that way. Through the work of the consortium, you appreciate the base costs, and you appreciate the risks they're taking on. In the risk, therefore, there's a cost to add a value to the organization, and it would be implied in the risk numbers that they would be taking on.

**Hon. Mr. Caplan:** But certainly, in the base cost analysis, those factors would be a part of the difference between the public sector comparator

Mr. Hampton: Thank you. I've got an answer.

Since the deputy sat in on these meetings, I want to ask you this: I've been told, because I've talked with some of the folks who apparently have done some of this work, that there would be significant project management costs for this kind of profit-driven, private sector model and significant transaction costs. There would be a lot of legal work for lawyers; there would be a lot of work like that. Is that also in the \$147-million difference?

Mr. Hughes: No.

Mr. Hampton: It's not?

Mr. Hughes: No.

Mr. Hampton: Where is that?

Mr. Hughes: That's in the top of the graph, in ancillary costs. It's also covered in the value-for-money report. The difference is that the costs for the traditional model—transaction costs and other project management costs—are estimated to be \$5.6 million, and the costs associated with the AFP approach are estimated at \$18 million. So the difference is around \$12.4 million.

Mr. Hampton: So the project management costs and the project transaction costs are higher for the profit-

driven private finance model?

Mr. Hughes: Yes. That's all explained in the valuefor-money report.

Mr. Hampton: I just want to be sure.

Mr. Hughes: Okay.

The Acting Chair: Mr. Hampton, you have three minutes left, just to give you a warning.

**Mr. Hampton:** Why would you separate that out? Why would you separate out transaction costs?

Mr. Hughes: For added clarity.

Hon. Mr. Caplan: Mr. Hampton, one of the five principles is accountability and transparency. We want Ontarians to understand all the various elements that go into constructing a hospital and to have a fair, apples-to-apples comparison so—

Mr. Hampton: That's fine. I've heard an answer.

Thank you.

The Acting Chair: Thank you, Minister.

**Mr. Hampton:** I just heard the minister's answer, but what I learned earlier is that there are all kinds of things you can't talk about. Why would you separate out, as a technical matter, transaction costs from the overall cost of the project? What's the rationale for that?

Mr. Hughes: I think the rationale is to be clear about what the difference in cost is. That is an area where it's possible for the province to be clear without compromising its future competitions for these kinds of projects, so in the interests of accountability and transparency, we publish it.

Hon. Mr. Caplan: As well, on a traditional build—on an AFP project—we would not produce a value-formoney report, so that's an additional cost and expense that we will have to account for, whether it's, as Mr. Hampton points out, legal accounting, some of the other—

Mr. Hampton: That's fine. I've heard enough.

As the deputy pointed out earlier, the first major part of that \$147-million difference is the added borrowing costs for the profit-driven, private finance corporation—

Ms. Layton: Right.

**Mr. Hampton:** —and the other major part of that is what you refer to as a risk premium on the project.

Ms. Layton: The risks that are retained by the project consortium, is what I think I said.

**Mr. Hampton:** A risk premium that they charge you on the project.

Ms. Layton: Actually, the value-for-money report does use the term "premium," yes.

**Mr. Hampton:** It's peculiar that you would factor out transaction costs, but in the discussion nobody would say what the profit is. Would you agree with me that on a capital project like this, most profit-driven private corporations would be looking for a profit of about 15%?

Hon. Mr. Caplan: I don't think we assess or guarantee any particular profit. By the way, what individual consortiums choose—

Mr. Hampton: I've heard enough. I've heard the answer. Thank you.

**Hon. Mr. Caplan:** Mr. Hampton has to allow opportunity for an answer.

The Acting Chair: Thank you, Minister.

Hon. Mr. Caplan: Okay. If he doesn't want an answer, that's okay.

Mr. Hampton: You say you did detailed studies.

**Hon. Mr. Caplan:** He prefers not to have the answer.

Mr. Hampton: I find it hard to believe that in the detailed studies you wouldn't have said, "How much of this is going to profit?" Nowhere would anyone have said, "Here's the cost of the project, here's the additional cost of the financing—

The Acting Chair: Mr. Hampton, that is the end of your time. We are now going to suspend this to allow members to get to the chamber to vote. When we return, we will have some time left for the minister's rebuttal—

Hon. Mr. Caplan: You might convince me to go vote for it.

**The Acting Chair:** —so as soon as the vote is over, if we could return, that would be great.

The committee recessed from 1730 to 1740.

The Acting Chair: I call the committee to order and thank everybody for returning promptly.

Minister, you have 24 minutes left of your rebuttal. If we have agreement from the parties that we can exceed the time of 6 o'clock for a few minutes, you'll be able to get all your minutes in today and we'll still have three minutes to get to the vote.

Mr. Hudak: He can stand them down.

Hon. Mr. Caplan: I appreciate the collegial nature of the committee.

**The Acting Chair:** Does everybody agree to go a little past 6?

Hon. Mr. Caplan: We have to go for the vote.

The Acting Chair: I know that, but if we get going, we'd still be able to get to vote.

Hon. Mr. Caplan: Mr. Chair, we're in your hands.

The Acting Chair: Okay, you're on. It's 5:40.

Hon. Mr. Caplan: Thank you, Mr. Chair. I do have some comments. Regrettably Mr. Hampton is not here. I did want to point out to him—unfortunately, it didn't seem that he was very desirous to hear my replies to his questions—that in the P3 Highway 407, which was constructed by the New Democrats, I don't believe any value-for-money report was ever issued by the province or any of its agents—

Mr. Hudak: Was it P3 or AFP?

Hon. Mr. Caplan: No, Mr. Hudak, it was a P3, and I must say, AFP is quite different from P3.

I did want to highlight several initiatives of the Ministry of Public Infrastructure Renewal. I certainly had a chance to talk a little bit about growth planning. We had passage of the Places to Grow Act—it received royal assent on June 3, 2005—which provides the legal framework to coordinate planning for long-term growth and infrastructure investment. That was followed up very quickly—in fact, on June 16 about a year later, we did issue the final growth plan for the greater Golden Horseshoe. That growth plan, as I mentioned, received the American Planning Association's Daniel Burnham Award for a Comprehensive Plan.

I do note Mr. Hudak's very complimentary comments. I have asked Assistant Deputy Minister Brad Graham to please bring the award to the next meeting of the committee, so that all members can celebrate the wonderful

achievement of the province of Ontario. I hope that you too are here, Mr. Chair.

One of the things I'm most proud of is that while it is the Ministry of Public Infrastructure Renewal and the government of Ontario that are the recipients of the award, in my opinion it is because so many, whether it's the work of previous governments, our colleague Chris Hodgson, who started and led off, or even the government previous to that—I want to acknowledge the work in setting up Anne Golden and her task force on the GTA. I want to note that members from both sides of the legislature have had a hand in shaping the plan, but so many others, whether it's municipal officials, building and development and industry stakeholders, environmental stakeholders or just citizens.

I recall that our ministry undertook, I think, unprecedented town hall meetings and public engagement that really set this process apart from what has gone before. I do want to commend, and hope members will be interested and wish to participate—we're holding a growth summit on May 17 here in the city of Toronto. I hope you'll accept my invitation. Come and please participate.

I also want to highlight the provincial development facilitator. The office of the PDF, as we call him, was established as a corporate resource to resolve and mediate land use, environmental and growth management issues. Efficiencies and savings are realized through successful negotiation, therefore preventing issues from advancing through more costly legal processes—quasi-judicial as well. I do want to comment here and now that we are indeed fortunate to have Alan Wells, a very well known individual, quite an excellent one, who is acting in that capacity for us.

Mr. Hudak: What about Fort Erie?

**Hon. Mr. Caplan:** There are many issues around the province that Mr. Wells is engaged in, and I know that Niagara region is one area he is giving diligent attention to, I say to my colleague from Erie–Lincoln.

On infrastructure renewal and asset management, our Ministry of Public Infrastructure Renewal has developed and guided ministries to dedicate resources for asset management initiatives. We've increased capital planning, financing and project delivery capacity and expertise in the Ontario public service. We've finalized project announcements under the Canada strategic infrastructure fund. We've led and supported negotiation for new infrastructure programs, whether that's the third round of strategic infrastructure funding, the second round of COMRIF and the renewed highway and border infrastructure plan and, in addition, a long-term funding agreement with our federal colleagues. We've held a leaders' forum on infrastructure, which was held on October 13, 2006, where, I dare say, we drew many of the best and brightest internationally to come and plan and share ideas on how we could perform even better. In fact, on capital investment, we undertook a cohesive and strategic approach to modernizing infrastructure. Of course, the cornerstone to that is ReNew Ontario, our five-year, \$30-billion-plus infrastructure investment plan

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supporting government priorities in health care, education, the environment, economic prosperity and so many other areas.

The first progress report was released on October 10, 2006. I would highlight as well for you this past fall in the fall economic stimulus package that was announced in the fall economic statement by the Minister of Finance, 3,000 projects were approved as part of that, many to replace residential spaces, maintain facilities for vulnerable populations—group homes, women's shelters, treatment centres—outside of urban areas.

The province's own infrastructure expenditure in 2006-07 was \$6.6 billion—historic and I believe almost unprecedented, and I say cheers to my good friend opposite. The province's planned expenditures for 2007-08 are \$5.9 billion.

In the area of health care under ReNew Ontario, we're providing funding for over 100 hospital projects right across the province. Over the next three years, 104 additional first-year medical school spaces will be opened in six locations. Four new satellite medical education campuses are currently being built to allow students to complete significant portions of their training closer to home. Of course, as my colleague the Minister of Health would want to note, when we can train medical personnel closer to home, there's a much greater likelihood that they will live and continue and develop their practices closer to home, thereby, we hope, helping to remediate the very long-standing problem of underserviced areas in the province of Ontario.

As of March 2007, the preferred teams have been selected for major alternative finance and procurement projects for hospitals in Belleville, Sudbury and North Bay. In addition, three RFPs are closed and under review for hospital projects in Mississauga, London and Toronto. RFPs or requests for qualifications have been issued for a further 10 AFP hospitals.

The government has improved access to diagnostic scans by adding seven new hospital-based MRI services in Ontario since May 2004. We've provided funding for expanded hours of service to MRI machines at Halton health centre, from eight to 12 hours per day, five days a week, and started construction of a new MRI service at Soldier's Memorial Hospital in Orillia. I know we'll commend that to our colleague Mr. Dunlop because he is very excited about that. In addition, seven old hospital-based MRI machines have been replaced with newer, more efficient ones. Since 2005, 31 old hospital-based CT scanners have been replaced and updated with the latest in CT scan technology.

Since 2005, 39 long-term-care projects have been completed; 913 new long-term-care beds have been added; more than 4,000 existing beds have been redeveloped.

The government has invested \$50 million to increase the number of spaces in Ontario's medical schools, and that means a 15% increase in the number of doctors graduating each year, starting in 2011-12.

In education, we're creating opportunity for young people and supporting innovation by boosting the number of graduate student spaces by 55% from 2002-03 levels. In September 2006, we announced that we'll be increasing the number of spaces by 12,000 over two years, rising to 14,000 by 2009-10.

In September 2005, the MARS Discovery District, a convergence innovation centre, was opened. Of course, I do want to acknowledge this was an initiative that was originally conceived and started under a previous government, but we do feel it is important and it is one that we do celebrate. Additional funding to support completion of the west tower was announced in the provincial budget of March 23, 2006; grants to 483 projects since 2004 for research infrastructure at hospitals and universities to match the Canada Foundation for Innovation awards; and \$350 million for post-secondary renewal.

As I mentioned, it's important we talk about vulnerable populations: 2,400 new affordable housing units, with 2,600 affordable housing units under construction and 1,500 in the planning stage; redevelopment of four children's treatment centres; completion of the Greater Toronto Area Youth Centre; eight court consolidation projects to improve access to justice; three new detention centres to replace aging facilities; more than 180 residents of developmental service institutions have moved into community settings; and 15,000 new child care spaces in 2005-06 alone.

Transportation: In August 2005, we announced the northern Ontario highways strategy, a \$1.8-billion, five-year plan for highway improvement and expansion right across northern Ontario; predominantly, four-laning and expansion of Highway 11 and Highway 69. We're investing \$3.4 billion through the southern Ontario highways program to support key transportation and trade corridors in southern Ontario, adding 130 kilometres of highway and 64 bridges and repairing 1,600 kilometres of highway and 200 bridges. New HOV lanes have opened on Highways 403 and 404, and new HOV lanes are planned for Highways 400, 417, 427 and the QEW. Of course, my friend from Erie–Lincoln would want me to mention support for and the beginning of construction on Highway 406, a key corridor through Niagara region.

We're moving forward with our partners on the \$300-million investment in the Windsor gateway and the \$323-million investment in the Niagara and Sarnia border crossings. And Move Ontario—a \$1.2-billion investment in transportation infrastructure, including \$838 million in new funding for public transit in the GTA and \$400 million for Ontario's roads and bridges outside of the greater Toronto area.

The rural infrastructure investment initiative: \$140 million supporting 190 projects; 376 municipalities were eligible to apply for funding under this one-time initiative. Mr. Chair, if I may, I really want to acknowledge the leadership of Carol Mitchell, my parliamentary assistant, in the work she did to make this particular initiative a tremendous success in supporting those communities

right across the province. Carol did an incredible job, and I think it's important that this committee know her very fine work there.

Investments in rural infrastructure such as roads and water continue through the COMRIF program. To date, the province has committed \$242 million toward 353 projects in 208 municipalities.

I have touched on the Toronto waterfront. This government remains committed to the revitalization of the Toronto waterfront. Work has begun on a new community in the west Don lands, and we expect to see significant residential construction by the end of this year. Continued progress on the Toronto waterfront file includes signing a contribution agreement finalizing the 10-year business plan with our two partners both at the city of Toronto and at the federal level. We've issued a developer call, and we're looking forward to announcing a successful developer for the west Don lands. We're working with the Ministry of Finance and the city of Toronto on a tax increment finance pilot in the west Don lands.

Environmental stewardship: I touched earlier on the 5,500 acres of ecologically sensitive land in the Rouge Valley; the new Bob Hunter Memorial Park; 650 acres of land in Oakville; 180 acres to create the Eramosa park in Hamilton; the new deposit-return program which was implemented beginning on February 5 of this year; and of course, I'm very pleased that the Durham consolidated courthouse is being built to meet the Canada Green Building Council silver LEED certifications that incorporate environmentally sustainable construction practices and energy-efficient design.

In addition to that, we've broken ground on a new home for the archives in the province of Ontario at the campus of York University. It too will be built, I understand, to LEED certification.

I've talked about the deep lake water cooling initiative. It doesn't seem to be as effective as we'd hoped on a day like today, but we're working on that.

Revenue generation and investment leverage: The Liquor Control Board of Ontario had again last year another record profit that they have returned to the province of Ontario, I believe some \$1.2 billion.

Interjection.

**Hon. Mr. Caplan:** It's incredibly impressive the work that they're doing, and I anticipate continued fine progress in that area.

We've created Infrastructure Ontario, an arm's-length crown corporation dedicated to the renewal of the province's hospitals, courthouses and other essential public assets. I cannot say enough about David Livingstone, the president and CEO, Tony Ross, the chair, and the team that they have put into place, which is doing phenomenal work to build these projects so vital to our province on time and on budget. I'm very pleased that on July 17 the Ontario Strategic Infrastructure Financing Authority, or OSIFA, was merged with Infrastructure Ontario. To date, Infrastructure Ontario, through their financing program, has committed to provide more than \$2.4 billion in

affordable, low-cost financing to fund over 1,200 infrastructure projects right across the province. We've expanded the loan program, by the way, to include municipal sports, culture and recreation projects. We've expanded criteria to include post-secondary educational institutions and municipal corporations, as well as nonprofit long-term-care providers.

Under the Ministry of Finance's leadership, we've supported the Teranet IPO, which raised over \$570 million for our province. In keeping with the commitment of Finance Minister Sorbara in his 2004 budget, infrastructure indeed received the first call on those monies, and that in fact provided the initial money for the rural infrastructure investment initiative.

I note that Mr. Hampton is back, and I'm glad he's here. I want to remind him and all members of the Building a Better Tomorrow framework, a made-in-Ontario approach to engaging the private sector and financing the procurement of public infrastructure AFP projects, and the five key principles. I want to list them for you, Mr. Chair: (1) that public interest is paramount; (2) that value for money must be demonstrated; (3) that appropriate public control and ownership must be preserved; (4) accountability must be maintained; and (5) all processes must be fair, transparent and efficient.

We're also assisting the government in strategically managing public assets by unlocking value from key provincial assets. We're working with our partners in Ontario's First Nations. We've already developed an agreement in principle, and we're working toward a finalized agreement for a new revenue-sharing model with Ontario's First Nations, and I'm very excited about that. The new relationship which we do have is an incredible testament to the Premier's leadership, that we have been able to establish that and to move forward on an incredibly important file.

I would be remiss if I did not take the opportunity to talk to you about some of the outside interests who have commented on many of the initiatives of the Ministry of Public Infrastructure Renewal.

The Acting Chair: I'm just going to give you two seconds to catch your breath and to let you know that we have five minutes left.

**Hon. Mr. Caplan:** Five minutes. Well, that will not cover everything, but I do wish to highlight a few things.

On the deposit-return system: "The rollout of deposit return for LCBO bottles has been long anticipated by environmental leaders all over Ontario. We congratulate Premier McGuinty and the ministers for finally making this good green change. I know the people of Ontario, my family included, will embrace deposit return with the same enthusiasm to protect the planet that we display with our blue box. Congratulations." That's Dr. Rick Smith, the executive director of Environmental Defence.

Robert Wright, senior legal counsel from the Sierra Legal fund, says, "What goes around, comes around. That's why deposit return for LCBO bottles is a great step forward. Reuse and recycling reduces glass to landfills and greenhouse gases that cause climate change, and it makes people feel good about doing their part to

protect our planet. Cheers to Premier McGuinty and Ministers Broten and Caplan for making this happen."

I wanted to talk about ReNew Ontario, because hospitals form such a key part. I know I probably only have time for one or two others, Mr. Chair, and you'll let me know, but this one is important. This is from Hilary Short, president and CEO of the Ontario Hospital Assoiation: "This" AFP "is an essential and timely plan to fundamentally improve capital planning and financing in Ontario. It provides an ideal platform to help advance the government's transformation agenda for health care." And "The ReNew Ontario plan will make it possible for many hospitals to undertake much-needed capital improvements to facilities that, across Ontario, average 43 years old. We welcome today's important investment in the Toronto Rehabilitation Institute"—in fact, there are others—"and we look forward to further investments like these in months and years ahead." There are others that I would like to be able to quote. Maybe I'll leave with just one last one.

The Acting Chair: You have about two and a half minutes.

Hon. Mr. Caplan: Maybe I have time for two others. In relation to the growth plan, who, of course, would argue with the mayor of Mississauga when she says, "This is a historic plan. I commend the government for taking this bold step to make our communities strong, liveable and healthy, now and in the future"?

She also says, "The government is making real progress in building a growth plan that will help make better and stronger communities in the Golden Horseshoe region," and, "This vision goes a long way in making growth a benefit to all. When implemented, the plan will protect the future of our communities and will be well received by the public." That's Hazel McCallion, the mayor of the great city of Mississauga.

But of course I want to end, for my colleague from Erie-Lincoln, with the chair of the region of Niagara, Mr.

Peter Partington.

Mr. Hudak: What does he say?

Hon. Mr. Caplan: He says, "As a part of the greater Golden Horseshoe, Niagara is unique in terms of the assets and opportunities that it brings to the future growth of Ontario. Places to Grow not only addresses how we manage our inheritance from the past, but it focuses on what we can accomplish by working together in the future. Niagara plays a key economic role in furthering

the prosperity of Ontario, both as a vibrant smart growth community and as an economic corridor between two countries," and "The growth plan for the greater Golden Horseshoe recognizes the important role of Niagara region as a gateway between Ontario and the United States. The growth plan provides an excellent opportunity for the Niagara region and the province economically. We look forward to working with the province on the implementation of the growth plan." I couldn't say it any better than Chair Partington. Thank you so much, Mr. Chair.

The Acting Chair: Thank you, Minister. We actually have a little over a minute left.

Hon. Mr. Caplan: Thank you, Mr. Chair. I have more—

The Acting Chair: Well, now you have less than a minute left.

**Hon. Mr. Caplan:** No, I have more. In fact—*Interjections.* 

Hon. Mr. Caplan: The members call for more. In fact, we had the Honourable Mike Harcourt, the former mayor of Vancouver and Premier of British Columbia, the Prime Minister's external adviser on the advisory committee on cities and communities, said, "A strong and vibrant greater Golden Horseshoe is important to the future prosperity of not just Ontario, but the entire country. The province of Ontario is to be commended for putting in place such a bold and ambitious growth plan for this region. Ontario's Places to Grow initiative will quickly become a model for urban regions across Canada."

Do I have time for one more?

Interjections: No.

The Acting Chair: Mr. Minister, I would say—

Hon. Mr. Caplan: I have several more, Mr. Chair.

The Acting Chair: The last thing I want to do is cut you off because we've been having so much fun here.

Hon. Mr. Caplan: You are kind, Mr. Chair. But I do have more. I will be back.

The Acting Chair: We are done. It is 6:04. As I said, we would go until 6:04. This committee will adjourn until Tuesday, May 15, 3:30 p.m. or following routine proceedings. So we now have two minutes and 55 seconds to get to the chamber.

The committee adjourned at 1804.

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# Legislative Assembly of Ontario

Second Session, 38th Parliament

# Official Report of Debates (Hansard)

Tuesday 15 May 2007

## Standing committee on estimates

Ministry of Public Infrastructure Renewal

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

## Journal des débats (Hansard)

Mardi 15 mai 2007

## Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique



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### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 15 May 2007

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 15 mai 2007

The committee met at 1611 in committee room 2.

## MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Vice-Chair (Mr. Garfield Dunlop): We'll call the meeting to order.

Yes, Minister?

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Several committee members asked questions. I have answers to the outstanding questions, if I could provide them to you right now.

Mr. Hudak asked for clarification on the official titles and reporting responsibilities of OLG staffers Messrs Vecsi and Pastore. Did they report to Mr. Alan Berdowski at the OLG, and what was Mr. Berdowski's title? I have an answer to that question.

The Vice-Chair: Minister, we are going to go directly to the opposition anyhow, so those answers for the official opposition will come out of their time.

**Mr.** Tim Hudak (Erie-Lincoln): I appreciate the minister getting back to me. I'm fine to receive those in writing from the minister.

Hon. Mr. Caplan: There were also questions from Mr. Hampton, and I do want to share the answers to the questions he raised. He asked about information on the four winning bidders for the AFP projects in Montfort, Sudbury, North Bay and Quinte. For Montfort, the corporation is the EllisDon Corp. For the Sudbury Regional Hospital, it is also the EllisDon Corp. North Bay is the Plenary Health team. Quinte is M. Sullivan and Sons Ltd. Mr. Hampton also asked for information on the public sector borrowing rate used to compare the cost of traditional procurement with the cost of alternative financing on the North Bay Regional Hospital, and the answer is as follows: For each project, Infrastructure Ontario estimates the provincial borrowing rate based on a simple average of yields on provincial bonds with terms of one to 30 years. The simple average is derived over the last 10 days of the month prior to financial close. For North Bay the rate was 4.36% and for Montfort the rate was 4.39%.

The other answers to Mr. Hudak's questions will be filed with the clerk.

Additionally, I believe there was a request earlier to come and present the Burnham award here at the com-

mittee. This is Assistant Deputy Minister Graham. This is the American Planning Association Award. It says, "Making Great Communities Happen. The 2007 Daniel Burnham Award for a Comprehensive Plan. The growth plan for the greater Golden Horseshoe. Ministry of Public Infrastructure Renewal, Ontario, Canada." I just wanted Mr. Hudak to be aware that in fact the award is here. I'll place it on the desk so he can come and have his picture taken with it, whatever he would like. ADM Graham is available if Mr. Hudak would like his autograph. I'm very happy to make sure that that is provided.

Mr. Hudak: I'm glad to see the trophy. I again congratulate the minister and the civil servants who have worked very hard on this for a number of years. I would, however, request, so that my dream could be complete, if the minister and Mr. Graham could run around the room several times with the trophy over their heads.

Hon. Mr. Caplan: We'd be glad to accommodate the wish. A victory lap, if you would, Mr. Graham? No. I think not, Mr. Chair—proper decorum and all.

The Vice-Chair: With that—and that was very interesting—I will now ask the rotation to start with Mr. Hudak. Mr. Hudak, on behalf of the official opposition you have the next 20 minutes to question the minister or his staff. Minister, I want to welcome you and your colleagues here today as well.

Mr. Hudak: Thank you very much, Chair, Minister, and Deputy. If it's possible, I know that Assistant Deputy Minister Joyce Barretto is with us. It would probably save some time—

Interjection.

Mr. Hudak: Thank you very much, ADM Barretto.

I am going to continue, Chair. As you may recall, I was asking about vote item 4001-01, the agencies division operating, contained on page 35 of our estimates book, as well as the ministry organizational chart on page 11 of our estimates book.

The question I'll begin with is: In 1993 there was the Rutherford decision, which, when it was made public, would have guided the OLGC in making certain decisions. Minister, when you became minister responsible for the Ontario Lottery and Gaming Corp., you had received a number of briefings from staff, either of the Ontario Lottery and Gaming Corp. or your own ministry staff, on outstanding issues at the OLGC. Who typically would be part of those briefings on OLGC issues?

Hon. Mr. Caplan: Generally I would have one, potentially two, members of my staff. Generally it would be

Assistant Deputy Minister Barretto and members of her team from the agencies branch. In particular? Perhaps ADM Barretto can shed some light on it.

Ms. Joyce Barretto: Are you asking about a specific briefing or in general?

**Mr. Hudak:** Let's start with the general. When the minister had his foundation briefings, do you recall who would be in those meetings?

Ms. Barretto: Foundation briefings?

**Mr. Hudak:** Where they walked the minister through his new responsibilities and those big, thick binders we all love as ministers.

Ms. Barretto: I will have to go back and check if I have notes on this, but I believe it would have been myself and probably my director of gaming and alcohol policy, Barbara Hewett, and potentially one or two of her staff. Because it would have been a foundation briefing, we would have been sure to have the right people who would know a bit more about the agency. At that point, I wouldn't have known that much myself.

**Mr. Hudak:** Would the Ontario Lottery and Gaming Corp. staff have been part of those foundation briefings?

Ms. Barretto: No, they would not.

Mr. Hudak: Strictly civil servants from PIR?

Ms. Barretto: Strictly civil servants.

Mr. Hudak: Do you recall if the Rutherford decision was part of the foundation briefings?

Ms. Barretto: I am pretty sure that it was not.

Mr. Hudak: Minister, do you recall being briefed on the Rutherford decision and its implications on the OLGC?

Hon, Mr. Caplan: I don't believe I was briefed on the Rutherford decision.

Mr. Hudak: Previously, ADM Barretto, before Minister Caplan became responsible for the OLGC, it was under economic development and trade. The OLGC reported through Minister Cordiano. Would you have been at economic development and trade?

Ms. Barretto: No.

Mr. Hudak: Who would have been your counterpart at economic development and trade?

**Ms. Barretto:** Diane Frith was the CAO of the Ministry of Economic Development and Trade. She had responsibility for the lottery and gaming file.

**Mr. Hudak:** And she remained at economic development and trade?

Ms. Barretto: Yes, she did.

**Mr. Hudak:** Are you aware if Minister Cordiano had been briefed on Rutherford?

**Ms. Barretto:** I am not aware of that. I could not speculate, either, though.

Mr. Hudak: The Edmonds case was ongoing during Minister Cordiano's time as minister. In fact, the court case was in the public sphere at that time. The decision became public, with considerable media coverage, when Minister Cordiano was the minister responsible for the OLGC. Do you know if Minister Cordiano was briefed on the Edmonds case?

Ms. Barretto: I would have no knowledge of that.

Hon. Mr. Caplan: In fact, I do have a chronology of Mr. Edmonds's case. If you'll bear with me, Mr. Chair—

Mr. Hudak: Actually, no. Thanks very much to the minister, but with all due respect, we all have the chronology as well. I'm curious about the minister responsible at the time's knowledge of the Edmonds case when the decision was made.

ADM Barretto, the people who are beneath you in the ministry—your staff—none of them were at economic development and trade?

**Ms. Barretto:** No, I didn't say that. You asked who the executive counterpart was; it was Diane Frith. Yes, there would have been staff at economic development and trade who did move to PIR in July 2005.

Mr. Hudak: Can you let me know who they were?

Ms. Barretto: All of the names of the staff?

Mr. Hudak: I guess in senior positions.

Ms. Barretto: I can name the top three or four. It would have been Barbara Hewett as the director, David McBride as the senior manager, Lou Zubowski as one of the team leaders, and a number of staff as well.

Mr. Hudak: Is Ms. Hewett with us today?

Ms. Barretto: No, she's not.

**Mr. Hudak:** Do you know if Ms. Hewett or any of the staff had briefed Minister Cordiano on the Edmonds case?

Ms. Barretto: I have no idea what they could have briefed Mr. Cordiano on.

Mr. Hudak: Could we—because Barbara Hewett is the one who knows, and those who are beneath her in her office as director of alcohol and gaming policy—I wonder if we could have Ms. Hewett come to the committee and answer that specific question.

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Hon. Mr. Caplan: I think ADM Barretto can answer that, but I don't think that's going to be possible.

Ms. Barretto: Actually, Barbara Hewett is in Spain.

Mr. Hudak: Good for her.

Ms. Barretto: I think we're all equally jealous.

Mr. Hudak: It's a lovely country. I will file that through you, Mr. Chair, as a question, if we could get it back. I wouldn't expect Ms. Hewett to stop her business in Spain to answer it right away, but if she has the opportunity, she could let us know if she had at any time briefed Minister Cordiano or had any of her staff brief Mr. Cordiano on the Edmonds case either while it was going on or once the decision was rendered.

When Minister Caplan became minister responsible for the lottery and gaming corporation, did you or members of your staff brief Minister Caplan on the Edmonds case?

Ms. Barretto: No, we did not.

Mr. Hudak: It wasn't part of a foundation briefing?

**Ms. Barretto:** No, it was not part of a foundation briefing.

**Mr. Hudak:** Minister Caplan, when were you first briefed by staff on the Edmonds case?

Hon. Mr. Caplan: It's quite instructive. As I mentioned, I do have a chronology, and I'd like to come to

that. Mr. Edmonds bought his ticket on-

Mr. Hudak: Chair, if I could, my question is specific, and the minister has plenty of time during the splits to talk about issues as he sees fit, including concluding remarks. It's just a simple question to the minister as to when he was briefed for the first time on the Edmonds case.

**Hon. Mr. Caplan:** I'm certainly endeavouring to answer the question. Mr. Edmonds bought his ticket on July 15, 2001—

Mr. Hudak: Chair, it's a very—

The Vice-Chair: Okay, just hold on.

Mr. Hudak: There are a number of questions I want to get through, and I'm asking very short and direct questions, in the interests of time, so that I can get through material, the estimates before us. It's a very simple question to the minister on when he was first briefed on the Edmonds case, and it's just a short answer I'd expect in return, Chair.

The Vice-Chair: So what he's looking for right now, Minister, are short, brief answers. He's got a number of

them to do.

Hon. Mr. Caplan: I understand, Mr. Chair. I'll keep my answers as brief as I possibly can. But I think it is important for committee members to understand the chronology and the context of the question that the member asks. In fact, I could have gone back further, to February 8, when the member from Erie-Lincoln was in fact the Minister of Tourism, Culture and Recreation and had the OLGC report to him.

Bob Edmonds bought his Super 7 ticket on July 13 and went on July 27 to Coby Milk and Variety to check the Super 7 ticket that he did buy about two weeks previous. The clerk, Ms. LaPlante, gave Mr. Edmonds his free ticket but kept the original with the Encore numbers. Mr. Edmonds also bought another Super 7 ticket with Encore. Ensuing a number of questions to the OLG as laid out, my understanding is that Mr. Edmonds, on March 17, made an out-of-court settlement with the OLG

before jury deliberations began.

I became the minister on June 29, 2005. The first time that Mr. Edmonds was brought to my attention was roughly two weeks before the Fifth Estate program aired. What had occurred was that the CBC program the Fifth Estate had done a rather extensive interview with OLG spokespersons. A transcript of that interview was provided on October 6 to the ministry. That was the Thursday before the Thanksgiving weekend, and on Tuesday the 10th, I believe, is when this matter and other allegations related to insider wins were first brought to my attention.

**Mr. Hudak:** So the first time the minister was briefed or the Edmonds case was brought to his attention was about two weeks before the Fifth Estate program aired?

Hon. Mr. Caplan: That's correct.

Mr. Hudak: I'll ask the assistant deputy minister when she first became aware of the Edmonds case.

Ms. Barretto: I believe I first became aware of the case in March 2005, when there was media around that case and it was a settlement that was being paid at that moment.

Mr. Hudak: Did you let anybody in the minister's

office know about what was happening?

Ms. Barretto: I believe what we would have done is updated—we would have a standard issues management process, and we would have updated a House note to inform the minister's office on communications issues about the nature of the situation and what had occurred with Mr. Edmonds.

Mr. Hudak: Refresh me, if you don't mind. Who was

the individual who would receive that update?

**Ms. Barretto:** In the normal process of how we manage issues notes, we generally issue them in the morning; it gets filtered up to the communications branch, who distribute as is appropriate.

Hon. Mr. Caplan: That would have been under

Minister Cordiano in March 2005.

**Mr. Hudak:** Thank you. Was there any back and forth from the minister's office to the division or to the OLGC? Were there conversations, briefings, a series of e-mails about this particular case, or was it simply briefing on the media coverage?

Ms. Barretto: In March 2005, it wasn't with PIR.

Mr. Hudak: I understand, but are you aware if there was contact with the then minister's office?

Ms. Barretto: No, I'm not.

Mr. Hudak: —e-mails back and forth or follow-up?

Ms. Barretto: Not that I'd be aware of.

**Mr. Hudak:** In your time being responsible as ADM for the Ontario Lottery and Gaming Corp., what other briefings did you have with respect to the Edmonds case?

Ms. Barretto: I'm just trying to remember the actual chronology. I'm getting the years mixed up. In March 2006—sorry, let me just step back a minute. You're asking specifically what period of time?

Mr. Hudak: How often did briefings take place on the Edmonds case? You said you first heard about it in

March 2006, right?

Ms. Barretto: Right, 2006.

Mr. Hudak: When it was in the media.

Ms. Barretto: Right.

Mr. Hudak: Which triggered your knowledge of it.

Ms. Barretto: Right.

Mr. Hudak: Then were there briefings afterward, let's say before the Fifth Estate program aired? Were there ongoing briefings or interaction with the Ontario Lottery and Gaming Corp. with respect to Mr. Edmond's case?

**Ms.** Barretto: Not specific; there were briefings around the issue of the settlement for the Edmonds case. We had an issues note around that.

Mr. Hudak: Was there anybody from the minister's office present for those?

**Ms. Barretto:** No, they would not have been. This would have been just us dealing at the staff level with the lottery and gaming corporation.

**Mr. Hudak:** What was the nature of those briefings, those meetings with respect to the settlement in the Edmonds case?

Ms. Barretto: In 2006, they would have been pertaining specifically to the allegations of fraud and the issue with the LaPlantes, who were the owners of the Coboconk store. It would had been specific to that situation at that time

**Mr. Hudak:** And how many—I know it might be difficult to say specifically, but were there a significant number, a small number?

Ms. Barretto: No, there were not. Mr. Hudak: A small number of—

**Ms. Barretto:** I wouldn't actually characterize them as briefings. There were a number of times that we discussed the issue just in the normal communications process to keep updated on that particular file.

Mr. Hudak: To your recollection, nobody from the minister's office would have been part of those?

Ms. Barretto: Not at that time, no.

Mr. Hudak: To the deputy minister, when did you first become aware of the Edmonds case?

**Ms. Carol Layton:** In my case, I was probably one of the last people to become aware of it. It was around October 20 of this year that I became aware of the Edmonds case.

Mr. Hudak: Shortly before the Fifth Estate?

Ms. Layton: Shortly before the Fifth Estate, absolutely.

**Mr. Hudak:** You weren't part of any briefings with other staff at the ministry or with the lottery and gaming corporation?

Ms. Layton: I was not part of any briefings, no.

**Mr. Hudak:** When, as a course of business, did you notify the Premier's office or those in Cabinet Office, Ms. Barretto, about the Edmonds case?

Ms. Barretto: I would not have directly communicated with the Premier's office or Cabinet Office.

Mr. Hudak: In the Ombudsman's report—Chair, how am I doing on time, by the way?

The Vice-Chair: You have seven minutes.

**Mr. Hudak:** Thank you. The Ombudsman's report—refer to page 19, under a title called "Finders Keepers"—references a number of cases. The Ombudsman has an interesting way of presenting these. This is point 70. That's probably a good way of finding the reference.

The Ombudsman mentions that "a retailer in Orillia mailed in a \$250,000 winning Encore ticket for validation in April 2003. When he arrived at the prize office for an interview, he was evasive, and could not account for the numbers that had been manually selected. The corporation also discovered that this retailer had previously contacted the police and asked what to do with a ticket lost by a customer. As a result of further questioning at a police station, the retailer confessed he had found the ticket and had tried to claim it as his own. After a videotape from the store was reviewed and a news release issued in April 2004, the true owner of the ticket

was identified and awarded her prize. The retailer was charged with attempted fraud."

So it's a happy story here, that this fraudster was caught. To ADM Barretto, were you aware of this Orillia case before the Ombudsman's report?

Ms. Barretto: No, I was not.

**Mr. Hudak:** Nobody at the OLGC had brought it to your attention?

Ms. Barretto: No, they did not.

**Mr. Hudak:** To the minister, had you been made aware of the Orillia case before the Ombudsman's report?

Hon. Mr. Caplan: I'm not aware of specific cases. I do recall that after the Fifth Estate program, we did inquire whether or not there had been a history of the OLG detecting potential cases of fraud, what protocol they did. They informed us, at that time, that there were four such occurrences in their memory where they did refer matters on to the OPP. I believe that in two of those cases charges were laid and whatever the legal process was, it went through.

I do note that the Ombudsman talks about a cross-roads, as he says, in 2002. He says at that point the OLG could have gone two ways. It could have said, "We'll apply the law and take the measures to act diligently" but a month later Bob Edmonds surfaced and they pretended that the binding law from the Superior Court didn't apply. Then it became a slippery slope. I think this indicates that the Ombudsman notes that the OLG could have—perhaps should have—been much more aware of not only the case law, but the appropriate protocols to take. I think he notes that not only in his March 26 press conference, but also in his report.

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**Mr. Hudak:** Just quickly, Minister, you say that the Ombudsman talks about the crossroads. What page is that on?

Hon. Mr. Caplan: I believe that was not on a page. This is an excerpt from his press conference held on March 26, which, of course, was recorded by many media and taped. We can provide a transcript of the entire media conference, if you would care for one.

**Mr. Hudak:** You know what? If you get a chance, I would appreciate that. I always looked for that quote and I couldn't find it in the Ombudsman's report.

Hon. Mr. Caplan: It's not in the report; it was from the media conference.

Mr. Hudak: The Ombudsman says a couple of things that are troublesome. "In 2003 and 2004, however"—this is on page 18 of the Ombudsman's report, paragraph 69—"a series of problematic insider claims set in motion a tug-of-war over the way the corporation viewed and handled insider wins."

The Ombudsman also says on page 20, paragraph 76, under "Getting the Inside Story," the following: "It appears that 2004 was a banner year for controversial insider prize claims. It is mind-boggling that the corporation actually paid out millions of dollars in the circum-

stances it did. The ludicrousness of this did not escape all corporate officials."

Again, the minister was not responsible in 2004; it was Minister Cordiano who was the minister responsible at

that particular time.

Hon. Mr. Caplan: I think the responsibility of the minister is to get to the bottom of these matters, which I have done by calling in KPMG and welcoming the Ombudsman or referring the appropriate matters to the OPP and then ensuring that we have a very focused implementation of the kinds of recommendations to ensure that Ontarians have the confidence in their corporation and the system to make sure it is a fair game. I think the Ombudsman makes fair comments in his findings that the Ontario Lottery and Gaming Corp. was set up with an inherent conflict, where they were both the retailer and the investigator.

Mr. Hudak: I appreciate the minister's answer. That

was adequate.

The Vice-Chair: You have time for a very quick one,

and then we're over to the government.

Mr. Hudak: The other one on page 20, paragraph 74, is about a remarkable Super 7 free play ticket of \$12.5 million. It was what appears to be a fraudulent claim in the Burlington area. Was that ever brought to the ministry's attention before the Ombudsman's report? To both Ms. Barretto and Minister Caplan.

Hon. Mr. Caplan: The answer is no. That matter is currently being reviewed by the Ontario Provincial Police. They have all of the documents that the Ombudsman reviewed. I have every confidence that the legal authorities will take the appropriate steps in the cir-

cumstances.

OLG has started an investigation into the claim and has advised the claimant. I believe that the claimant did cite a number of locations where the ticket may have been purchased. At this time, the OLG's initial findings are that none of these locations match up with the actual point of sale. However, the investigation is ongoing and no conclusions should be drawn until the investigation is final.

The Vice-Chair: With that, we'll move to the government members. Oh, I apologize; we'll move to the third party. Mr. Tabuns, you have 20 minutes.

**Mr. Peter Tabuns (Toronto-Danforth):** Okay, Chair. I wondered, but it's been clarified, so that's fine.

Obviously, I wasn't here for the first round, so you'll excuse me if I cover some ground that was already touched on by Howard Hampton. I won't be focusing on the lottery and gaming commission; I'll be focusing on the P3 or alternative financing proposal system and looking at the report "Making Projects Happen" by Infrastructure Ontario.

On page 11-

Hon. Mr. Caplan: I don't have the report in front of me, but please go ahead.

Mr. Tabuns: Does anyone there have that report?

Hon. Mr. Caplan: I'm sure we do. Mr. Tabuns: I think staff are getting it.

Hon. Mr. Caplan: We have it now.

Mr. Tabuns: Great. On page 11 of the ministry's North Bay value-for-money document, there is a chart which says that the base cost of the project using the traditional public approach would be \$404.6 million, while the base cost of the Plenary P3 project is \$551.7 million.

So are we understanding that correctly, that those are the two different base costs?

Hon. Mr. Caplan: In fact, I think the member is a little bit incorrect in the premise of his question. The project in North Bay is not a P3 in the New Democratic Party or Conservative sense that we've seen previously, but rather something that's called alternative financing and procurement, or AFP. They are quite different. I think it's important to point that out. Seated up here is acting ADM Bill Hughes, who would be very happy to address the specifics on the base cost comparison that you've asked for. So I'll ask the deputy or Mr. Hughes to please address your question.

**Mr. Tabuns:** That would be fine. Mr. Hughes, do I understand correctly that these base costs are as I've outlined: \$404.6 million for traditional, and your AFP is

\$551.7 million?

Mr. Bill Hughes: Yes, that's right.

**Mr. Tabuns:** Can you tell me, with regard to the traditional procurement, by what method and precisely by whom, which companies or sections of your ministry, the base costs were calculated for traditional procurement?

Mr. Hughes: Base costs are calculated using estimates from the Ministry of Health.

**Mr. Tabuns:** So Ministry of Health internal staff? There's a unit in the Ministry of Health that would do this quantity surveying and tell us what it would be per square foot, etc?

**Mr. Hughes:** Right. They do the initial work, and then there is due diligence done on that by Infrastructure Ontario using external cost consultants to validate.

Mr. Tabuns: And who are the external cost consultants?

Mr. Hughes: It varies project to project, but one firm that is sometimes used is Altus Helyar. There is actually a report from Altus Helyar posted on the IO website, explaining their methodology for risk assessment. They're a well-known cost consulting firm.

Mr. Tabuns: Sorry; explaining their methodology for risk assessment or assessment of costs?

Mr. Hughes: For risk assessment.

Mr. Tabuns: So did they actually do an assessment of the base construction cost, the quantity surveying?

Mr. Hughes: I believe the initial assessment was done by the Ministry of Health, and there was cost consulting oversight by an external firm hired by Infrastructure Ontario. I would have to verify which one it was for North Bay.

**Mr. Tabuns:** Okay, and if I could ask, Chair, that we have verification of the company that actually did the quantity surveying costs for North Bay.

There's a \$147-million differential between the two base costs, and the reason for the higher base cost for the AFP is mostly higher borrowing costs and the need to pay the private consortium a risk premium on the project. Is that statement correct?

Mr. Hughes: Yes.

**Mr. Tabuns:** Can you break out the two costs between risk and the whole matter of financing?

**Mr. Hughes:** We cannot. This is the most breakout that's possible.

Hon. Mr. Caplan: The risks, as noted in the report, on the traditional procurement are \$229.9 million—

**Mr. Tabuns:** Minister, I will actually go to that question later. But for the moment, you can only say that these are all blended together; you can't break out between risk and financing costs.

**Mr. Hughes:** Right. If we broke it out, it would compromise the province's ability to get the best deal possible on future AFP projects.

Mr. Tabuns: Why?

Mr. Hughes: Because if it became known to future bidders what assumptions were made about financing and what the costing details of bids were, then future bidders would be able to bid based on that information.

Mr. Tabuns: But don't we have a competitive bid?

Mr. Hughes: We do.

Mr. Tabuns: And wouldn't they be in a contest against each other to try and provide us with the lowest bid for the contract?

**Mr. Hughes:** They would, but if they know what the government is going to accept, they would be more likely to bid to that than to compete against each other.

Hon. Mr. Caplan: It creates an artificial floor where the bidding would start and then it proceeds to travel upward.

Mr. Hughes: Yes. And I would make the point that the same situation exists with traditional projects, so with traditional projects we do not release in advance what the budget for that project is, and neither afterwards do we say, "This is what the budget for the project was and this is what the contract award was." It's the same situation. It would disadvantage the government in the future.

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Mr. Tabuns: But aren't we in a situation right now where we have a number, \$404.6 million, that is the base cost that we estimated this hospital would cost us?

Hon. Mr. Caplan: No, that's not correct. That's one component of the overall cost of the hospital. Additionally, there would be the risks that the government itself would retain. There are about 100 different risks that are listed in the Altus Helyar report, but the typical ones are the risk of going over budget and, as we've seen in many types of projects as well, the ancillary costs, which are also on top. All of those three taken together bring you the total cost of the project so it is a true apples-to-apples comparison.

Mr. Tabuns: I appreciate that, Minister, but I just want to go back. You're concerned that bidders will know what we price hospitals out at. You don't want to

release the figures, even after the bids are in. But right here, you have a base cost for provision of that hospital, setting aside risk.

Mr. Hughes: You have to remember, that base cost is also a blend. The base cost includes the actual construction costs, it includes maintenance costs and it also includes life cycle costs, which are not broken out. It's a blended cost as well, and you can't tell what the individual components are from the base cost number here.

**Mr. Tabuns:** So the \$404.6 million is a figure that includes the base capital cost of building the structure and—sorry, did I hear correctly?—the land upon which it sits?

Mr. Hughes: No. Land is excluded.

Mr. Tabuns: Set that aside, then. So, the capital cost for the structure itself, and then a projection over 30 years of the cost of doing the capital refurbishing or renovations that will be necessary as items go through their lifetimes.

Mr. Hughes: Yes, plus the maintenance cost with the structure.

**Mr. Tabuns:** Okay. Then on top of that, you have \$229 million, which is the risk of overrun that arises from all of those different activities.

Hon. Mr. Caplan: Well, there are about 100 different risks that are measured and either retained or transferred. This is a measure in a traditional project of how much would be retained by the government, and in the AFP model, how much is transferred to the private sector consortium and hence how much is retained. The difference between the overall cost with base cost, risks and ancillary costs comparatively gives you what we call the value for money or, in this case, \$96.7 million.

**Mr. Tabuns:** Minister, I'm not actually asking that question at the moment. I will go into greater detail as we go through. I'm just trying to go step by step so I understand what I've got before me.

Hon. Mr. Caplan: Sure.

**Mr. Tabuns:** This base cost, under traditional procurement, is the capital cost and then 30 years of capital costs and maintenance to keep the structure standing. On top of that, you have risks retained, which is the potential for things to go wrong and for costs to overrun, not only at the beginning, but over that full 30 years.

**Hon. Mr. Caplan:** There are a lot of different kinds of risk; there's not just one or two.

Mr. Tabuns: No, I recognize that, but I'm trying to understand that at one point, you have the capital costs, the maintenance costs and the large-scale renovation costs all bundled in one place, and then you have another bundle which is all the risks that you've identified as pertaining to that operation over 30 years. I want to make sure I understand that, and I think I do.

Hon. Mr. Caplan: Sure. Then we have the other kinds of costs, which we call ancillary costs, which the—

Mr. Tabuns: Yes, but I'm not asking about that right now, so you don't need to go into it. Thank you.

**Hon. Mr. Caplan:** Okay. I don't want to give too much information, Mr. Chair. Obviously the member's not interested. I'm hurt.

**Mr. Tabuns:** I look forward to getting more information from you, Minister. But right now, I'm asking questions in a particular area.

Hon. Mr. Caplan: Okay.

Mr. Tabuns: Okay. So you can't tell me the percentage of difference between the base cost and the two elements that are split between risk and financing. That's because that's a black box; that's under the control of the Plenary group. They have not released those figures to you?

Mr. Hughes: Which model are we talking about now? Mr. Tabuns: Under AFP, you don't know what their

financing costs are.

Mr. Hughes: Right; we do not.

Mr. Tabuns: Do we ever model to see what those financing costs are? Does your ministry do that to get a sense of how much the financing is costing as opposed to the risk itself?

Mr. Hughes: We do not. Mr. Tabuns: Okav.

**Hon. Mr. Caplan:** We can provide the government's cost of borrowing, and that was in fact the answer that I gave at the outset.

Mr. Tabuns: That's right, and I appreciated that. Okay.

The \$229.9 million in retained risk costs that you have showing on the traditional procurement column: Can you itemize the inputs that add up to that \$229.9 million? Can you break them out into substantial chunks?

**Mr. Hughes:** No, we can't, but I can describe the process for coming up with the \$229.9 million. Is that helpful?

**Mr. Tabuns:** Why don't you start with describing the process and then I'll ask about why you can't break it out. But go ahead with describing the process.

Mr. Hughes: Okay. What Infrastructure Ontario does to come up with this estimate, which is derived by an external firm, is they use a methodology described in the methodological guide posted on the Infrastructure Ontario website. That particular guide has been validated by four external consulting firms as a fair and appropriate way to calculate value for money.

What they do to calculate the risk portion of the value-for-money assessment is, Infrastructure Ontario organizes a risk workshop, which includes external experts as well as senior Infrastructure Ontario staff. What they do is, they first go through a process to establish what is termed a "risk matrix." The first step is to identify the risks. A number of those risks—over 60, actually—are identified in the Altus Helyar report that I referred to a few minutes ago, which is posted on the IO website. Once the risks are identified, the task is to allocate the risks, and the allocation of risks can fall into three categories. The risks can be borne by the private sector, the risks can be borne by the public sector, or it can be a

shared risk. That risk allocation is done twice: once for the traditional model and once for the AFP model.

The next step is to identify the probability that the risk will occur. That's part of the risk assessment process and the derivation of the risk matrix. The step after that is to assess the impact of the risk. That's assessed at three levels: at a 10% level. If you have 100 projects, it's assessing the probability that 10 of the projects would experience the risk impact at whatever level it is—say 1%. Then there is an assessment of the most likely impact of the risk and there is a 90% impact of the risk.

So all of this is then wrapped into a statistical analysis to determine the average risk that the project will

experience.

The risk workshop starts out with a set of benchmarks, and the purpose of the risk workshop is to take the industry benchmarks that a company like Altus Helyar has developed and to modify it so that the risks are specific to the project that is being considered.

That's essentially how the risks are allocated between the AFP project model, which is called an adjusted shadow bid before financial close, and the traditional procurement model, which is called a public sector com-

Hon. Mr. Caplan: If I could-

Mr. Tabuns: No, I'm sorry. I'll come back to you, Minister, but I want to understand. So are you looking at the history of overruns and risks in other hospitals that have been financed traditionally—or your team is—and saying, "Okay, based on statistical experience over the last half century, this is our average risk experience"?

Mr. Hughes: It's based on an assessment by external consultants and people who have experience in the industry. They are the ones who debate back and forth, share their experience and evaluate what an appropriate assignment of risk would be.

Mr. Tabuns: And is this hospital-specific risk?

Mr. Hughes: It is hospital-specific risk, yes.

**The Vice-Chair:** Just to let you know, you have five minutes, Mr. Tabuns.

**Mr. Tabuns:** Okay, thank you. Going back to your comment, though, these folks who come in and do this risk assessment do the assessment for the traditional procurement and they also do an assessment of risk for the new system. They assess risk for both; is that correct?

Mr. Hughes: That is correct.

Mr. Tabuns: Given that you put the project out to tender and, in the tender documents, one expects that the proponents will incorporate cost of risk into their price, why are you assessing the cost of risk to them?

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Hon. Mr. Caplan: Part of the-

Mr. Tabuns: I wouldn't mind if I could have the answer from staff, and then I'd be happy to have the minister come back. He had started the answer, and I'd like him to complete the answer.

Hon. Mr. Caplan: I'm happy to facilitate the work

Mr. Tabuns: I appreciate that.

Mr. Hughes: I'm sure the minister can answer it better than I can, but I'll make a first attempt. The risk is estimated a couple of times, depending on the stage of the process. Before there are ever bids, there is a risk assessment done and a value-for-money assessment done. At that point, the board of directors of Infrastructure Ontario considers whether there is, in fact, value for money associated with the project. The project does not proceed to the RFP stage unless the board is satisfied that there is value for money.

Hon. Mr. Caplan: Okay, now hold on. I've got to add quite a bit.

**The Vice-Chair:** Let the minister have a word here. He wants to say something.

Hon. Mr. Caplan: In the measurement of risk, you don't want, first of all, to retain all of the risk or transfer all of the risk. What the matrix does and what the calculation does is give an indication of which risks are better transferred and can be priced—and it's the market that does price them—at an appropriate level and which risks should be retained, quite appropriately, by the government.

I wanted to point out to Mr. Tabuns that in the definition of risk categories—it's contained in the Altus Helyar document. I'm not going to go through the whole thing, because there are a whole bunch. They're broken down into policy/planning. For example, planning, process and policy, internal government: "the risk that internal government approvals are not received in a timely manner and ultimately delay the issue of tenders"; a different category of risk, the design; a different category of risk, site conditions and environmental conditions; a different category of risk in equipment; a different category of risk in permits and approvals. For example, in this one, municipal approvals, you would be quite aware—

Mr. Tabuns: Quite aware.

Hon. Mr. Caplan: "The risk that municipal approvals delay commencement of construction." It goes even further: the completion/commissioning risk, the labour risk, the risk of general strike and the project agreement. All in all, that's the overall risk matrix.

Mr. Tabuns: For my purposes at the moment, I don't need that detail. I will come back, because I want more.

Hon. Mr. Caplan: I'm just trying to give you a full flavour

**Mr. Tabuns:** I appreciate that. But you then have, prior to tender, an assessment of the risks and likely the costs of those risks. Is that correct?

Mr. Hughes: Yes, a preliminary assessment. That is

Mr. Tabuns: So can we get the preliminary assessment value of those risks?

Mr. Hughes: No, we don't release that information.

Mr. Tabuns: Are you saying that the risks are the same for the traditional as well as the new?

**Mr. Hughes:** No, the risks are not the same. The purpose of the risk allocation process is to determine what the risks are for each type of project and to allocate

them appropriately, as the minister said, so that the procurement method where the risk can be borne with least cost is where the risk is placed.

Hon. Mr. Caplan: It's also important to remember that the government itself does not value the risk. It is in the tendering process where the risk is valued and assessed and where the consortium itself would, in fact, make a bid.

Mr. Tabuns: I understand. We do value in advance so that we know what it's going to cost with either course. Is that correct or incorrect?

**Hon. Mr. Caplan:** As ADM Hughes said, of course it's a preliminary, an estimate of what we think it would be, but in fact the pricing structure is not made until the entity who bids on the particular project would actually make an assessment of those particular risks.

By the way, different contractors may assess risks in different ways, and their ability to handle and measure them, which may give them competitive advantages. As well, there are choices and trade-offs they could make as far as construction materials, related to life cycle and the kinds of practices and longer life leading to lower maintenance, or different kinds of materials and the need to require more maintenance. So there are trade-offs they could make in the risk calculations as well.

**The Vice-Chair:** That's the end of the time for the third party.

Mr. Tabuns: A shame.

The Vice-Chair: We'll get back to you again.

Mr. Tabuns: We'll have more.

Hon. Mr. Caplan: Thank you. I'm looking forward to that.

The Vice-Chair: Now it's time for the government members. They have 20 minutes to ask questions.

Mrs. Carol Mitchell (Huron–Bruce): I'm going to start off with saying that I know the government has recognized the need for infrastructure and has contributed a significant amount of money.

I'm going to talk specifically about the AFP process. It is one tool that can be used. I know there have been a number of comments made—not as much today but in the last session, when the comments that were made constantly were around the AFP process being profit-driven private financing. You were not given the opportunity, Minister, to expand on the principles of the AFP process, so I wanted to give you the opportunity to talk about the guiding principles and how it was developed.

Hon. Mr. Caplan: I undertook, in fact, a consultation around the province of Ontario where we asked for all the different methods that people knew about or had advice for us on—perhaps untried—as far as infrastructure investment. What came back was that you needed to have a foundation, a grounding in some basic fundamental principles in the way things moved forward. I did try to share this with Mr. Hampton. Unfortunately, he didn't seem very interested in it, so I'm glad you asked me today.

The five principles, in no particular order—although principle number one is the most important: that the public interest is paramount. It's not a bidder's interest, it's not an employee group's interest, but the interest of the people of Ontario as far as access to that infrastructure, as far as the public policy interest in providing health care services, clean water, transit or what have you.

The second one is that value for money must be demonstrated, that if you're going to do this, you have to have a real comparison, one method versus another. We do that through the value-for-money report, which Mr. Tabuns was asking about in great detail and which we're

happy to provide some insight on.

The third one is that accountability must be maintained, that it's important and clear who's responsible, not only for financing it but also for delivering it. This is something where governments of all stripes have fallen down. This is not a shot at any particular individuals or individual parties. Is it the hospital itself? Is it the ministry itself? That's why we set up Infrastructure Ontario with clear accountability to deliver, to negotiate contracts, to be able to enter into agreements, and then to project-manage to make sure these things happen.

The fourth is that all of the processes must be fair, open and transparent, and this is incredibly important. We need to have a competitive environment. If there's a perception—let alone a reality, which would be bad enough—that somehow there's some deal-making in backrooms or that things are not open to every qualified bidder who wants to come and participate, that would be incredibly detrimental. We want companies and individuals that do the legal, accounting, financial, construction, the labour—we want that to be open and transparent. That's why we have and post the RFPs. That's why the contracts are posted online. That's why we have fairness commissioners and other people oversee to make sure that we're living up to that one.

The fifth principle is critically important as well, which is that in all cases, control will be maintained. I cite for you the example of Highway 407, which we've completely lost control of. It was a P3 under the New Democratic Party and it was later sold off by the Conservative Party, and the government has lost control of this public asset. Under our model, that would not be allowed to happen. Public control must always be maintained, and in the case of core assets like hospitals, schools and our water, they must always remain under public ownership.

Those are the key principles. I was very glad that you

asked me that question.

**Mrs. Mitchell:** Page 11 of this report: I'm going to go specifically to the value-for-money portion of it and give you the opportunity to expand on that, the value-formoney analysis and how it's arrived at.

Hon. Mr. Caplan: Sure. Actually, maybe I'll have the deputy—I don't want to dominate everything. I'll have

the deputy just provide some insight to you.

Ms. Layton: There are a couple of things I'd love to be able to make as well. What's critical is that value for money is indeed the difference between what's called—

well, it's assessed at two stages, first of all: It's assessed prior to the bid stage and it's assessed after the bids come in. Therefore, the base costs that are used in what's called the public sector comparator, as well as in the alternative financing, are the same set of numbers. One's adjustable as the bids come in.

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I think the other thing that's important to make on value for money is the fact that the role of the board of directors in terms of, first of all, scrutinizing that first assessment that is made—it's based on a methodology developed by an external consulting firm, and it has the involvement of the cost consultants that we've talked about. But the role of the board of directors, which is comprised of everything from a trade union representative to the CEO of the Ontario Financing Authority they are the first ones to kick the tires on that value for money and assessment at both stages, because they are accountable ultimately to it. But every value-for-money report that is released is also signed off by an external auditing firm whose reputation, obviously, is on the line, and therefore they too attest to the validity of that assessment. What's critical here is that the board of directors will not recommend that a project proceed unless there can be a clear demonstration that there is value for that money.

Another point that I think is worth noting is that in the traditional financing of projects, before we had alternative financing and procurement—we have to appreciate that there's not a capital project out there that is financed without a cost of capital. But in previous years, when allocations were made to the Ministry of Health and Long-Term Care to then fund hospital projects, those allocations did not include a borrowing cost, but indeed there was a borrowing cost, and that was assumed by the taxpayers in the broader domain. So there was a borrowing cost that should have been attributed to the project, and that's what you do see in the analysis that we have for the alternative financing and procurement.

Mrs. Mitchell: So in fact this process allows for more transparency and accountability.

Ms. Layton: More transparency and accountability.

Hon. Mr. Caplan: Certainly much more than we've seen previously. I recall, back in previous years, the New Democratic Party, which was the government of the day, decided to build Highway 407 through private sector engagement. I don't believe any value-for-money report or RFPs were ever posted, and I don't believe the contracts were ever posted online. I know that that was certainly the case with William Osler and the Royal Ottawa Hospital, let alone many of the other capital projects that were tendered.

Our touchstone, and one of the hallmarks of our government, has been the commitment to accountability and transparency, certainly in these matters but right across the government. I know the Premier had a chance to talk in question period about the expanded role for the Auditor General. Certainly those are the kinds of things we want to make sure are reflected in our processes and

in the information that we provide to the public—indeed, to this committee too.

Ms. Layton: If I could just add one more thing: Those five critical documents that are on the Infrastructure Ontario website, further to transparency—one of them is the actual guide that does explain in detail the methodology. In fact, when the North Bay and Sudbury value-for-money reports are looked at, they should be looked at alongside that guide, which is way more detailed and provides that explanation. There's also the value for money on Montfort as well, which is the first of the value-for-money reports that was released. The last thing is the risk matrix methodology, from Altus Helyar. All of those documents are here for us to hand to the clerk as well for the ease of people here.

The Vice-Chair: Do you have a question, Mr. Zimmer?

Mr. David Zimmer (Willowdale): I just want to draw your attention to and get some comment from you on growth plan issues: intensification, transportation, the greenbelt, traffic corridors, infrastructure and all that stuff. What triggered my thought was that yesterday I was with the Premier and municipal politicians. We were at the unveiling of a residential project up in Willowdale called Concord Park Place. It covers 17 hectares, 5,000 families and about 14,000 people. It's a project over 10 years. It's about \$2 billion. It's situated on Sheppard Avenue between the last two subway stations before you hit Leslie, Bessarion and Leslie stations. The Premier and myself and the other municipal politicians talked about how that project came together, because of the cooperation over the years of the city and provincial governments and financial institutions and the private sector. In fact, the Premier used the expression—and I quote from the article in yesterday's paper: "The design will have a profound effect on how residents will relate to each other," that it's an example of how a project has been "built in a way that people will be able to live in harmony...." He used the expression "harmony" in the sense of coordinating and integrating green initiatives in the project. There was a lot of talk about the green initiatives in the project, the transportation corridors. This project is hooked into the 401 and Leslie Street and Sheppard, which, as you know, are major traffic corridors. It was an example of thoughtful intensification planned over the next 10 years for 14,000 people, a \$2billion project.

There has been some criticism from some quarters that the province isn't doing enough to fund infrastructure needs to support these kinds of increased population initiatives within communities, but anything that I saw or heard yesterday from the politicians, from the financial people, from the developers and from the community—and there were about 400 or 500 people out at the opening—was that in fact this was in many ways a model project, and if our growth plan and intensification strategies and the like play out over the next 15 or 20 or 30 years as they have in this project, we've got something that we can look forward to proudly in this province.

Can you comment on your vision of how your ministry works with communities in assisting their infrastructure needs so that areas of the province and specific communities within the province can integrate and grow?

Hon. Mr. Caplan: A very large question. I have Assistant Deputy Minister Brad Graham, who leads the Ontario Growth Secretariat. I thought instead of always introducing him, I might give him the opportunity to at least lead in, in part, and perhaps I'll weigh in after. So ADM Graham.

Mr. Brad Graham: Thank you for the question, Mr. Chair and members. Certainly that project is an example of the kind of development we're trying to promote. The basic premise of the growth plan is to use land more efficiently than we have in the past. We know that if we developed in a business-as-usual format, we'd put tremendous pressure on natural areas. The key is to intensify, particularly around transit corridors, with highend density to achieve that efficiency around transit stations, and also to take the pressure off, if you will, natural spaces and natural systems.

Hon. Mr. Caplan: So how do we do that as far as an infrastructure strategy? I think that was the heart of the member's question. It's not just important to have a good plan or a blueprint or a concept. You've got to make it work.

There's a number of different infrastructures. For example, you focused on a transit-friendly kind of environment, and of course, with the Sheppard subway, there's the Bessarion-I know the area very well, having lived in the area of the Bessarion station, also down at Leslie Street, which will service much of the traffic. So that's very important. But other infrastructures—and part of the growth that we talk about is what we call the social or community infrastructures. We know that where you have some pressure, that will put pressure on your schools, your hospitals, on your cultural infrastructure. You know, we often don't think about libraries, museums, the recreational and community spaces which create some of the vibrancy in communities. So we do talk about in the growth plan the kinds of investments and the kinds of regimes.

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For example, in the greater Golden Horseshoe, the ReNew Ontario plan, combined with the greater Golden Horseshoe plan, directs some \$8.3 billion worth of investment in infrastructure. Much of that is road and bridge, transit, hospitals, schools and the like—water, justice—all the different kinds of infrastructure to create, in our vision, a complete community.

Here's the problem we've always had. We've created these bedroom communities where all the ancillary services, whether those are shopping, entertainment venues or job centres, were all located somewhere else. The best strategy to defeat urban sprawl and gridlock is to create a community where it's possible to access jobs, play opportunities, shopping and the like close to home, either through pedestrian, public transit or whatever mode you can get to. So one of the things you'll do is invest

differently; you have a different kind of urban form, as ADM Graham said. It's like what I would call a node and corridor strategy. The node would be that urban growth centre—that would be the dense place to grow—and then the corridor would be the transit leading in, and along that corridor is where you would see the preponderance of intensification and densification.

By the way, that has a real benefit for a lot of the neighbourhoods that are concerned about some of those pressures spilling over into their neighbourhoods. In fact, it makes them much more intact. It keeps it focused and away from, appropriately, some of the more singlefamily, residential kinds of communities, and it keeps it confined to very defined areas, which is very beneficial to the overall aspect as well. And I know we have a wonderful rural quality of life. It keeps some of the pressures of urbanism from encroaching on our rural communities as well. So we can have strong and vibrant urban communities but, as importantly, a healthy environment and protected rural communities when we get that proper balance between natural areas: sources of water, sources of food, proper infrastructure in place beforehand or at the right times.

This is how it all comes together. We're working quite hand in hand with Rob MacIsaac, former mayor of Burlington and now chairing the Greater Toronto Transportation Authority, in a transit plan that he and the members of the board will come up with and that we're very interested in making happen. But we didn't want to wait, so we invested in the Brampton AcceleRide or the Mississauga BRT or the subway extension up through York University and beyond, all the way up to Highway 7, or the York Viva system.

**The Vice-Chair:** You've got a couple of minutes left. **Hon. Mr. Caplan:** A couple of minutes? Wonderful.

I have some quotes, by the way, if you want. I shared some last time I was here. It's not just municipal leaders or business and industry or environmental leaders. One that I find very interesting is from the CEO of the Heart and Stroke Foundation, Mr. Rocco Rossi: "The Heart and Stroke Foundation of Ontario has repeatedly advocated for improvements to the way our communities are designed and built so that they are more walkable, transit-friendly and heart-healthy. From a health perspective, we strongly support all efforts—including the Ontario government's growth plan for the greater Golden Horse-shoe—to improve the built environment." So it's not simply a land use exercise, but there's a health component to this as well.

Sorry. Mr. Zimmer, I think you might have a question, or Ms. Mitchell?

The Vice-Chair: Make it a quick one.

Mrs. Mitchell: It is going to be a very quick one. I know that the growth plan, once it's fully initiated, will not only ensure the net health benefit—and we can also talk about the environmental benefits—but one of the things I look forward to asking the minister questions about is that it also ensures asset management and getting

the infrastructure where it is needed most at the best time. I look forward to my next question.

Hon. Mr. Caplan: Oh, yes, that is very much true. We have a tremendous disconnect between when and where we need things to happen. Having an overall master blueprint, so to speak, provides us with a guide. We know that in Peel region, for example, certain things will happen in Mississauga and a different kind of growth and development will take place, perhaps, in Brampton. So we can be there with the local road or transit improvements or to help with a much-needed hospital to service some of the additional caseload which is going to be coming, or schools.

The various acts only prescribe that two things are in place: a fire station and a school. All of the other things that are required really ought to be there in time when the population is there. I know in the many very fast-growing communities, this has not been the case. We're working very hard to turn them all around.

All that being said, it is very difficult. We have decades to remediate. We also have all of these growth pressures that are moving forward very rapidly. There are twofold pressures. I don't think that anybody would claim that in three short years we've been able to completely erase that. We will be dealing with and grappling with these pressures of growth, both those that have pent up over time and those that will come with 3.7 to 3.8 million additional residents: two million additional jobs. But we'll be in much better to shape to be able to grapple with those kinds of pressures on a go-forward basis, whether that's up in Simcoe county—which I know you're familiar with, Mr. Chair—or in Niagara.

Mr. Chair, I was wondering, and I think you might answer, if I could ask for a quick recess, so that I could use—

Mr. Hudak: Cool off.

Hon. Mr. Caplan: It's very warm in here.

The Vice-Chair: Make it quick, because then we'll finish off the last two parties. We'll recess for three minutes.

Hon. Mr. Caplan: Ten minutes?

The Vice-Chair: No, two minutes. Hurry up.

Interjections.

The Vice-Chair: Five minutes.

Hon. Mr. Caplan: I'll be as—

The Vice-Chair: You'll be cutting into the NDP's time, and I don't want to.

Hon. Mr. Caplan: We'll still be going. He'll get his full half hour, I hope.

But I appreciate that, Mr. Chair. It is humid.

The Vice-Chair: Okay, let's go. Recessed, five minutes.

The committee recessed from 1716 to 1724.

**The Vice-Chair:** We're back in session. I'll now turn it over for the next 20 minutes to Mr. Hudak of the official opposition.

Mr. Hudak: As you might remember, I'm pursuing vote item 4001-01, specifically the sub-item agencies division operating on page 35, and the organizational

chart particularly, as well, concerning the agencies division. I appreciate ADM Barretto joining us.

I left off talking about item 74 on page 20, which was the \$12.5-million ticket from the Burlington area. The minister had offered some cautionary note saying this was currently being investigated by the police, and he had put proper language around that as advice to the committee. I appreciate his letting us know that.

A quick question to the minister: Do you know when that ticket was purchased and brought to the OLGC's attention? I know it's 2003 but I'm not sure when.

Hon. Mr. Caplan: I believe it was 2004, but I don't have the specific date when in 2004.

**Ms. Barretto:** We can undertake to find that out. I think it might have been purchased in 2003 and paid out in 2004, but I'm not exactly sure.

**Mr. Hudak:** And again, the minister, I think, had indicated no, if he had been briefed on this before—if he was aware of this before the Ombudsman's report, this particular incident.

Hon. Mr. Caplan: In fact I became aware of it in relation to—I think there have been three broadcasts of the Fifth Estate, and it was in the third episode that this particular matter was raised, and then I believe the Ombudsman referenced it in his report. So it was in that time frame, in March of this year.

Mr. Hudak: But you learned about it through the television program, as opposed to a briefing.

Hon. Mr. Caplan: Through the television program in March of this year.

Interjections.

The Vice-Chair: Okay, go ahead.

Hon. Mr. Caplan: I'm glad for your intervention, Mr. Chair.

**Mr. Hudak:** To ADM Barretto, when did she first become aware of the Burlington case, the \$12.5-million ticket?

Ms. Barretto: It was through the Fifth Estate.

**Mr. Hudak:** There are a couple of others on that page. I don't know if you have the Ombudsman's report, there on page 19:71 referencing a corner store in Keswick, 72 referencing a specific case about a \$250,000 Encore free play ticket, and 73 about two Toronto retailers with \$250,000 tickets. Had the minister been aware of item 71, 72 or 73 before the Ombudsman's report?

**Hon. Mr. Caplan:** No. The Ombudsman's report was the first instance where these matters were ever brought to my or public attention, as far as I'm aware.

Mr. Hudak: And did Ms. Barretto?

Ms. Barretto: No, not until this time.

**Mr. Hudak:** Is the minister aware of any of his staff having knowledge of these items, anything in that category, "Finders Keepers," from 70 down to 74, before the airing of the Fifth Estate report?

**Hon. Mr. Caplan:** Or the Ombudsman's report? No, I'm not familiar that anybody was, certainly in my office. Ms. Barretto can speak to the ministry staff.

Ms. Barretto: I couldn't confirm for sure which staff would have known what on which of these files for that period of time.

Mr. Hudak: Okay. In 75, "Not Up to Scratch," it details what was called "an extreme case of 'pin-pricking,' a practice in which retailers lightly scratch the surface of instant-win tickets with a pin to reveal whether or not they are winners. The corporation found 67 blatantly scratched tickets at one location in Oakville." Was this ever brought to the minister's attention before the Ombudsman's report?

**Hon. Mr. Caplan:** No, it was not, although I do believe that the pin-pricking practice was in the second Fifth Estate broadcast. I'd have to look up specifically when that was, but I believe it was earlier in the year than when the Ombudsman had issued his report.

Mr. Hudak: But the minister had not been briefed on this. Ms. Barretto?

Ms. Barretto: No, I was not.

Mr. Hudak: The Ombudsman, then, follows up, as I quoted a bit earlier, where he says, " ... 2004 was a banner year for controversial insider prize claims. It is mind-boggling that the corporation actually paid out millions of dollars in the circumstances it did. The ludicrousness of this did not escape all corporate officials." The Ombudsman cites one particular manager who prepared an executive briefing on the situation on August 8, 2004, to highlight the problems here. Ms. Barretto, was that briefing ever brought to your attention before the Ombudsman's report?

**Ms. Barretto:** No, it was not, but you do understand that the relationship between the agency and the staff would have been within the agency. It wouldn't necessarily have come to the ministry's attention.

**Mr. Hudak:** I just want to try to find out if there was contact between—if the OLGC kept this to themselves or if they had shared it with the ministry.

Did the minister become aware of the memo that was produced in 2004 before the Ombudsman's report?

Hon. Mr. Caplan: Oh, no. As I think I outlined, the Ministry of Public Infrastructure Renewal inherited all of the various agencies in June 2005. So a memo from 2004 wouldn't have come to the ministry's attention. Not until the Ombudsman's report outlining his review of the various e-mails and documentation did it come to my attention.

**Mr. Hudak:** In a general sense, had the minister been briefed on problems with insider wins during his foundation briefings?

**Hon. Mr. Caplan:** No. It was never raised nor included in the transitional binders that were provided.

**Mr. Hudak:** Ms. Barretto, when the agency had come over under PIR's purview, had the lottery and gaming corporation let you know about the problems that they had detected with respect to insider wins?

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Ms. Barretto: We would have been briefed by the Ministry of Economic Development and Trade through

the senior staff there, and no, no insider-win issues were brought to our attention at that time.

**Mr. Hudak:** And are you aware if economic development and trade was ever briefed by the OLGC on the insider—

Ms. Barretto: I wouldn't be able to answer that.

**Mr. Hudak:** To the deputy minister: Did the OLGC ever let you know, or the chair of the OLGC, about a problem with insider wins?

Ms. Layton: No, not at all. The first instance when I heard about insider wins was a different one and it was the Stephen Cook insider win. It was an employee of the corporation in April 2006. That was the first time that I had any conversation with Duncan Brown on that whole concept and the principle of employees within the agency. In this case, this was a BlackBerry administrator being able to purchase tickets. That was my first instance.

Mr. Hudak: Paragraph 78 talks about the same official who continued to express his or her concerns about retailer fraud and lack of appropriate measures. It references a September 1, 2004, e-mail regarding the \$12.5-million claim and suggests that a pattern may exist at that particular retailer, systematically collecting free play tickets from unsuspecting customers. Was that ever brought to the minister's attention before the Ombudsman's report?

Hon. Mr. Caplan: Not prior to experiencing the Ombudsman's report.

Mr. Hudak: Ms. Barretto?

Ms. Barretto: Same answer, not prior to the Ombudsman.

**Mr. Hudak:** I'll ask the minister: To your knowledge, did any of your staff, the political staff in the minister's office, have knowledge, when the OLGC had come under PIR, of problems with insider wins?

Hon. Mr. Caplan: As I mentioned, the transition binders, which contain the list, as you would be aware, of the various issues, policy matters—insider wins were not identified at that time by OLG or by the agencies branch. Although I couldn't confirm for you, I don't imagine that my staff were made aware in June 2005 or until it surfaced at a much later time.

**Mr. Hudak:** So to the best of your knowledge, none of your staff had any understanding of a problem with insider wins until the Fifth Estate program, or two weeks before the Fifth Estate program, I think you said in the House.

Hon. Mr. Caplan: That's correct.

Mr. Hudak: Minister, when you were first asked about this on October 25, 2006, by the member for Leeds–Grenville—I think this was before the Fifth Estate aired but there had been some advance stories in the newspaper—you said the following: "Ontario Lottery and Gaming is certainly committed to operating a business in a responsible and ethical manner and has some of the most stringent inside-win provisions of any organization of its kind in North America." Do you still agree with that statement?

Hon. Mr. Caplan: Well, at the time I think I went on to outline that OLGC had asked Ernst and Young to

review their policies and compare them to jurisdictions from around North America. The Ernst and Young opinion was that, in fact, their policies were among some of the most stringent. But I think if you'll also read my comments from Hansard, I undertook to the member from Leeds–Grenville and other members of the House that whatever steps would be necessary in order to protect public trust and confidence certainly would be taken and that I felt that OLGC should adhere to the highest standard.

**Mr. Hudak:** Yes, you had basically two lines of thought here. Your instinct was to defend the lottery and gaming corporation and the protections they had in place and you did at the same time indicate that you would ask the chair to conduct a review. You also mentioned KPMG and Grant Thornton do a financial statement audit on a regular basis.

In the supplementary to Mr. Runciman on that day, October 25, 2006, you responded, "In fact, Ontario Lottery and Gaming has significant internal controls, but also measures to protect lottery and gaming players, like freezing the lottery terminals when major wins are claimed," etc.

Given what you've learned through the Ombudsman's report and other sources since, do you stand by that statement?

Hon. Mr. Caplan: I don't have the Hansard in front of me, but I think I did say that the opinions that had been provided to me by outside, by one of Canada's leading forensic auditing companies, were that, in fact, the policies and some of the controls were amongst the most stringent in comparison to like jurisdictions right across North America. But my undertaking was that any ways that we could find improvement, we were certainly very committed to doing so.

In fact, you referenced the letter that I sent to Chair Gough on October 25, where I said quite clearly, "As you know, Ontario Lottery and Gaming fills an important role in delivering lottery and casino services in this province. Revenues from OLG programs are fundamental to the province's ability to deliver many important social programs. In addition, Ontario has proven itself amongst the best jurisdictions in lottery security due to the commitments and efforts of the OLG." I went on: "Unfortunately, this record of excellence has been called into question, as a result of the Fifth Estate program airing on the 25th, in print and radio media today." I went on: "While I appreciate OLG's security measures are amongst the best in North America, I am very concerned with the serious allegations that I understand the Fifth Estate to be making and request that you investigate them thoroughly. I understand that your senior staff have been unable to validate or disprove the Fifth Estate's assertions based on the information currently available to them. I would like your commitment that the OLG will undertake a comprehensive in-depth review and analysis and that you will advise me of your findings"-in approximately two weeks—"by November 8, 2006."

The chair brought in KPMG to undertake that review. It was done in three phases. Those reports, of course, are

posted on the website as the Ombudsman has recommended.

I think I indicated quite clearly, both in the House and in my correspondence with the chair, the track record as I understood it, and also my determination to get to the bottom of the allegations that were made and to make the appropriate changes in order to instil the public trust and confidence.

Mr. Hudak: The point I would make is that your language changed considerably from October 25, 2006, to the language that you used after the Ombudsman's report came out. Your instinct on October 25, 2006, as I've said, was to defend the security provisions at the OLGC. In fact, I would say that you expressed confidence in their ability. You did have a check done, and good for you in sending that letter to the chair. But you did—I think I could describe it quite accurately—express confidence in the OLGC. Did that come about because you were misled by the OLGC about the security measures?

**Hon. Mr. Caplan:** I'm not sure that's parliamentary language, Mr. Chair. I'm certainly in your hands.

I think the OLG provided me with the Ernst and Young opinion as to the security measures and the policies that were in place, and I compared it to other jurisdictions in North America. That being said, as I did indicate, first of all I wanted to get to the bottom and the substance of the allegations and make the appropriate changes that would come out. As we know now, KPMG has recommended some 40 distinct actions to be taken, the Ombudsman some 20. Of those 60 recommendations, I believe 22 have already been implemented. I believe that the OLG was certainly following the direction—or at least the board was—to get to the bottom of the matter and to make the appropriate changes.

Mr. Hudak: In referencing the Ernst and Young review, you said, "The audit procedures performed by Ernst and Young are extensive and include a review of our insider win policy. Ernst and Young had found that internal control processes related to our lottery system are appropriate and claimants subject to the insider win policy are subject to additional scrutiny interviews by OLG's prize office." Given what you learned from the auditor's report, do you think Ernst and Young were mistaken in giving you that kind of confidence?

Hon. Mr. Caplan: In fact, I have the Ernst and Young report, and I'm happy to make copies available to you or to members here.

I quote from page 10 of their report, where they say, "The insider win policy provides the utmost integrity of OLG and the conduct of lottery games by ensuring that there is no perception of unfair advantage by any OLG lottery winner who is closely affiliated with the OLG." They go on in quite a bit of detail.

I think it's important to acknowledge that Ernst and Young is one of Canada's leading forensic auditing firms and does have significant experience in this area. I think it's reasonable to rely on the opinions they expressed in their March 31, 2006, report on controls in the lottery and gaming support systems.

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The Vice-Chair: Mr. Hudak, you have three minutes left in this round.

Mr. Hudak: Oh, it goes so fast.

When you first learned, about two weeks before the airing of the Fifth Estate program, that there was a concern, when you first learned about the problems with respect to the Edmonds case particularly, did you immediately have a briefing? And who was part of that briefing?

Hon. Mr. Caplan: My general question was, is this true? This was, you must understand, quite a revelation at that period of time. The substance of the allegations predominantly was twofold: one was the Edmonds case itself; the other was the fact that insiders were winning at a rate disproportionate to their numbers within the general population.

In relation to the Edmonds case, the assurance that was provided by OLG was that Edmonds was an isolated incident, that they had settled with him back in March 2005 and that as far as they were concerned, the matter was closed.

As far as the insider win, in fact I have correspondence—

**Mr. Hudak:** Chair, if I could, I just was asking the minister as part of his answer to specifically indicate who gave you those assurances as part of the briefing. Who did you hear that from?

Hon. Mr. Caplan: I have a letter from the chair of the board on October 26, where he says, "We believe the Edmonds case to be an isolated incident." In fact, I have the press releases as well from OLG, and they make a similar claim. As we've subsequently discovered, that is not the case. So there would have been communications with the chair, and I guess a member of my staff would also have been present.

As to the substance of the other allegations as to the disproportionate rate of insider wins, this one proved quite problematic. The OLG insisted that the Fifth Estate data and the methodology of Professor Rosenthal were just simply wrong, that he had miscalculated both the rate of insider win plays as well as the numbers of clerks and retailers who were out there. The reply was, "Okay, then you have data or analysis to be able to disprove the claims." Their reply was quite disconcerting, I must say. The reply was that, no, they could not disprove it, they couldn't validate or refute, which is why I've said in my letter to Mr. Gough that "I understand that your senior staff have been unable to validate or disprove the Fifth Estate's assertions based upon the current information."

In fact, the Ombudsman does comment on this in his report, where his own expert from the University of Western Ontario undertook to do a similar kind of analysis as Professor Rosenthal did. I do believe the OLG undertook four separate analyses from experts from different walks of life. In all six cases, they've all come to different conclusions as to the win rates and all of those kinds of things. That's why the Ombudsman says that a baseline of data should be kept and measured

against future win data so that they can be able to decide whether or not there is validity or if you're seeing a trend which should not be there. I accept the Ombudsman's findings, and such data and analysis will be kept for those particular purposes.

The Vice-Chair: Thank you, Minister.

Mrs. Mitchell, did you have a quick question?

**Mrs. Mitchell:** Yes, I do, a point of clarification: We will be completing today at 6 o'clock?

The Vice-Chair: Mr. Tabuns has 15 minutes, and that will give him five minutes starting at the next session, if you wish to complete at 6, or we could go to 5 after 6.

Hon. Mr. Caplan: I have another engagement, so I

will have to be leaving at 6.

**The Vice-Chair:** Okay. So you'll start the next session, Mr. Tabuns, with five minutes.

Mrs. Mitchell: I'm just looking for clarification for all of that.

**The Vice-Chair:** That's the way we'll go. Mr. Tabuns.

Mr. Tabuns: Just before I go into other questions, just so I understand this correctly—is Mr. Hughes here? Good.

**Hon. Mr. Caplan:** I can bring more people if you'd like, Mr. Tabuns.

Mr. Tabuns: It may be necessary; we'll see.

Hon. Mr. Caplan: I'm very happy to facilitate the work of the committee.

**Mr. Hughes:** Mr. Tabuns, just before we start, if I could just respond to the question you asked at the beginning.

Mr. Tabuns: Yes.

**Mr. Hughes:** You asked who the cost consultant was for the North Bay hospital. We do have an answer now. Marshall and Murray is the name of the firm.

Mr. Tabuns: Okay, thank you. I appreciate that.

Just a question that occurred to me, and I want to make sure I understand this correctly: The traditional procurement on page 11, the base cost—does that include the financing cost as well?

**Mr. Hughes:** No, it does not. In design-build-finance-maintain projects, financing costs are covered by the discount rate, so there is not a separate bar in the chart. So financing costs are not part of the base costs.

Would you like me to elaborate a bit more?

**Mr. Tabuns:** Yes, I would, because I think the other bar, alternative financing and procurement, has financing. So how do you compare the two of them?

Mr. Hughes: Yes. The reason for that is because as the value-for-money methodology says, and I think as various members of the committee said last time—I believe Mr. Hampton said this—private sector financing costs are higher than public sector financing costs, so the financing costs embedded in the base costs for the AFP model reflect the fact that private sector financing costs are higher. On the public sector, though, the financing for the traditional delivery model, public sector comparator, the financing costs are part of the discount rate. The discount rate is the rate used to ensure that all of the numbers are valued at the same point in time.

Mr. Tabuns: Is that present value?

Mr. Hughes: Yes, exactly. It happens that Infrastructure Ontario has chosen to use a very conservative methodology for doing this. There are a number of ways in which their methodology is conservative, and it's actually very likely that value for money is underestimated, given their methodology. In many jurisdictions, the practice has been to add a risk premium to the public sector borrowing rate and use that as the discount rate. The rationale for that was that costs in the future are highly uncertain and therefore you should attach a risk premium to that, and you should use the public sector discount rate or the public sector borrowing rate plus some kind of risk premium and make that the discount rate for valuing the money back to net present value terms.

The difficulty with that is that it tends to give you a value-for-money number that is too high. It has the somewhat perverse effect of making it better to have large, uncertain future-year costs, which most people would agree is not a good thing. So what Infrastructure Ontario did instead was to use the government of Ontario's public sector borrowing rate as its discount rate. That tends to lower the value for money and it means that you don't actually have a financing cost in the bar chart for DBFM projects. The reason for that is because the financing cost is the same as the discount rate. So it's taken care of by the discount rate. Sorry, that's a lot of technical stuff.

Mr. Tabuns: I'll be really honest with you: I'm going to have to think that one through and come back. But I'm not going to blow the rest of my 15 minutes on it. I knew you were speaking English. Beyond that—

Mr. Hughes: Sorry.

**Mr. Tabuns:** No, your answer went through, but I'm not familiar with the technical—

**Ms. Layton:** Mr. Tabuns, there is a guide as well. You have the North Bay one. Do you have the guide as well?

Mr. Tabuns: No, I don't, but you have referenced the Altus Helyar report.

**Ms. Layton:** There is also a guide that is put out by the agency that's up on the website. It was tabled with the clerk. It's very detailed. In fact, they should be read together.

**Mr. Tabuns:** Okay. It would be useful, then, if the clerk could provide me with a copy or direct me as to how to—the clerk looks very happy at this prospect.

Hon. Mr. Caplan: I do believe the Altus Helyar report is also online, so you can read that at your leisure as well.

Mr. Tabuns: It is. Okay.

One of the things that struck me here is that if you had a model—and I'll drop the word "financing"—of alternative procurement within which a company took on the risk and provided management and capital refurbishment over 30 years but relied on public sector financing, given the lower cost of public sector financing, would that not give us a lower cost overall?

Mr. Hughes: Not necessarily, because the risk transfer would be different.

Mr. Tabuns: Why?

**Mr. Hughes:** Are you talking about a private sector company doing this but at a public sector rate of borrowing?

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Mr. Tabuns: I'm trying to disaggregate the pieces. If you're saying that a private proponent can take a project and build it at lower risk and thus a lower cost to the public purse, I'll disaggregate that from the financing. One of the factors here is that private financing is of higher cost. If you put out a tender saying, "Private proponent, here is a 30-year contract for building and maintaining a structure. We will provide the lending so that the financing costs are lower than they would be if you went out to the private market," would that not give us a lower overall cost over 30 years?

Mr. Hughes: Not necessarily, because you would then lose the discipline that the private sector lenders provide. They do a lot of upfront due diligence and they also ensure that, as you go along through the life cycle and maintenance phases of the project, the project company is actually delivering what they are supposed to be delivering in accordance with the terms of the project agreement. You would lose that if you did it solely with public sector financing. That being said, though, there may be an argument for some public sector takeout of a portion of the upfront cost. I know that Infrastructure Ontario is looking at the feasibility of that.

Hon. Mr. Caplan: In the build-finance model that we are using, for example, in the Montfort Hospital, we only transfer over the period of construction. Long-term financing is taken up by the province at the end of that process, and we do the long-term financing ourselves. So we do have different models of AFPs. The North Bay is one type of model; the Montfort Hospital is a different type of model. We want to use the appropriate tool for the appropriate job, and they don't necessarily match in all cases.

**Ms. Layton:** The guide speaks to the different models. There's a build-finance model, a design-build-finance model, a design-build-finance-maintain, and a design-build-finance-maintain-operate. It's quite a complex set of them and every one of them brings different variables.

Mr. Tabuns: When you do your analysis, you look at the capital costs; you have your analyst-consultants take a look and say, "This is the likely capital cost for this based on historic experience. This is the likely cost of risk over the 30 years given historic experience." Can you not then say, "And this is the likely cost of financing that the private proponent will bring to this process when we put it out there," when you look at what they come back with? Can you not disaggregate into risk financing and capital costs for the hard installed hospital and renovations over time?

Mr. Hughes: We have disaggregated between risks and base costs, which include construction and financing. We just haven't separated out the construction and financing costs. But of course, on the public sector comparator side, the financing costs are built into the dis-

count rates, so you're seeing the base construction cost, plus the financing costs, plus the ancillary costs.

I should say that another way in which Infrastructure Ontario has stayed very conservative in their methodology is that they assume that the base construction costs for the public sector comparator and for the AFP model are the same. It's fairly common in some other jurisdictions to assume that there is some kind of innovation benefit—that the private sector will deliver the project more efficiently—as an upfront assumption, without any validation of that. Infrastructure Ontario does not make that assumption, and all the way through they adjust so that the base construction costs for the public sector comparator and the AFP project remain the same. It's just an example of how they've tried to be as conservative as possible in their methodology and why I said earlier that they've probably actually underestimated value for money on these projects.

Ms. Layton: I was just going to say that when they do receive the bids, based on what they see, they go back and adjust the public sector comparator so you still are able to compare apples to apples to try to get at that value for money. That too is explained in that guide that I referenced earlier.

Hon. Mr. Caplan: The way I look at it—I'll be very quick, Mr. Chair—is that qualitative measures are not considered; only quantitative measures are used. Is that fair to say?

Mr. Hughes: Yes. That's yet another way in which they're very conservative.

Hon. Mr. Caplan: Okay, so yet a third way, because we want to be reflective and not add a lot of subjective additional factors.

Mr. Tabuns: Okay. Going—Mr. Hughes: So—sorry.

Mr. Tabuns: Go ahead, Mr. Hughes.

Mr. Hughes: What I was going to say, just to elaborate on what the minister said, is that the concept there is that in some jurisdictions there is a non-quantifiable benefit that they try to quantify by saying, for example, because you get a new hospital up sooner, there is a reduction in wait times, and there's a theory that you can attribute a quantitative benefit to that. Infrastructure Ontario doesn't do any of that. All those kind of soft, unquantifiable benefits are not considered as part of the evaluation.

Mr. Tabuns: Just to go back, so that I am very clear on what numbers are in which packages, when you talk about design coordination risks in the traditional procurement bar, that's—sorry, there are design coordination overrun cost risks and there's the actual cost of design coordination. So the cost of doing design coordination is in the base and the risks—things going wrong—is in the risks retained section. Is that correct?

Mr. Hughes: Yes, that is correct.

The Vice-Chair: It looks like you've got time for one more question, Mr. Tabuns, and then you'll have five minutes at the beginning of the next meeting.

Mr. Tabuns: Okay. One of the things I find difficult here is, if we can't disaggregate the figures, it is hard for

us to be able to evaluate apples and oranges. When we have risks over in the traditional procurement bar and then alternative financing and procurement, and almost all the risk is buried in that base cost bar, it's very hard for us to know what's where. You know; you have an estimate of what the risk is in the AFP side. You did an estimate at the beginning of the process.

Mr. Hughes: Yes, for both, actually. The risk workshop estimates the risks that would be retained by the public sector under the traditional model of delivery—that's the \$229.9 million—and also the risks that would be retained by the public sector under the AFP model, and that's the smaller number.

Mr. Tabuns: It's \$22.2 million. Mr. Hughes: Yes, \$22.2 million.

Mr. Tabuns: What's the value of the risk assumed by

the private proponent?

**Mr. Hughes:** Essentially, the difference between those two numbers is the value of the risk assumed by the

private proponent. Obviously, there is a cost to doing that. That's called the risk premium, which is built into the base. So one of the reasons there's a difference between the base cost for the traditional procurement model and for the AFP model—it's not just financing costs; it's also the risk premium associated with the private sector taking on those extra risks. Obviously, it's a lot less than the actual value of the risks being transferred or you wouldn't have any value for money.

The Vice-Chair: With that, ladies and gentlemen, we've come to the end of our time today. We'll start again with the NDP tomorrow. They'll have five minutes.

Minister and committee members, thank you very much for your attention.

The committee stands adjourned until tomorrow after routine proceedings.

The committee adjourned at 1800.

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Wednesday 16 May 2007

## Standing committee on estimates

Ministry of Public Infrastructure Renewal

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

## Journal des débats (Hansard)

Mercredi 16 mai 2007

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 16 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 16 mai 2007

The committee met at 1623 in committee room 2.

### MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Mr. Chair—

The Vice-Chair (Mr. Garfield Dunlop): I'm going to start first today. Okay, Minister? We're going to call the meeting to order and then you can have the first say. Go ahead.

**Hon. Mr. Caplan:** Yesterday, members of the committee asked some questions, and we do have some answers, so I wanted to provide them.

Mr. Hudak asked which staff were present at the initial foundation briefing to myself regarding the Ontario Lottery and Gaming Corp. The answer is, former Deputy Minister Geoff Hare, the assistant deputy minister of the agencies division, the director of gaming, the manager of gaming and the gaming team lead would have attended this briefing.

Mr. Hudak asked whether Ms. Barbara Hewett, who is the director, or her staff during the previous tenure in the Ministry of Economic Development and Trade would have briefed former economic development minister Joe Cordiano on the Edmonds lottery case that was going on once the decision was rendered. We don't have an answer for that, so we'll endeayour to find out.

Mr. Hudak also asked if we could provide him with a transcript of Ombudsman Marin's March 26 media conference when he made his report possible. I have the transcript of his media conference here, and for reasons of brevity I'll just make sure that this is filed with the clerk and can be circulated to all members.

As well, Mr. Tabuns asked for the name of the external cost consultant firm hired by Infrastructure Ontario to do our oversight on the North Bay Regional Health Centre. That was Marshall and Murray.

Then Mr. Hudak asked when the \$2.5-million Super 7 free play lottery ticket mentioned in the Ombudsman's report was purchased, paid out and brought to the OLGC's attention. We will provide details on that to the best of our ability.

The Vice-Chair: Thank you very much, Minister. Welcome today and welcome to everybody on the committee. Where we left off yesterday, we have three hours and six minutes remaining, and in the rotation

today, the third party, the NDP. Mr. Tabuns, you have five minutes remaining in your round of questioning. Proceed.

Mr. Peter Tabuns (Toronto-Danforth): Thank you. One of the questions that occurred to me when I looked at my notes from yesterday: What is the provision here if Plenary Health goes bankrupt with the North Bay project? We've invested a lot in them. We're expecting that they will manage the project for 30 years. What are the provisions in case they go bankrupt?

**Hon. Mr. Caplan:** We have ADM Hughes here and he'd be very happy to provide the answer for you.

Mr. Bill Hughes: I don't know the exact provisions, but I can maybe speak to the question a little bit. There is a 700-odd-page project agreement that is posted on the Infrastructure Ontario website, and one of the sections that it deals with is what happens in events of default. So I don't have detail on what's in that section, but we can certainly extract the relevant portions and provide them.

**Mr. Tabuns:** If you could, that would be great.

The other question that occurred to me is, when this base cost is paid out, is that paid out in a lump sum upon completion of construction, or is it paid out over the 30 years?

**Mr. Hughes:** It depends on the type of project. In the case of a design-build-finance project—

Hon. Mr. Caplan: Montfort Hospital.

Mr. Hughes: Like Montfort, for example; yes, Minister—the payment is made when the project is available for service. So when the hospital is complete and ready to go into service, at that point the government makes the payment, which is in contrast to the traditional model where the government makes progress payments as construction happens. In the case of the DBFM model, like North Bay, for example, the payments are part of the unitary charge over the 30-year period.

Mr. Tabuns: Okay. Thank you.

You noted in the documents that the hospital is going to be built to the LEED standard, and since LEED has different grades—bronze, silver, gold, etc.—which LEED standard is this hospital being built to?

Mr. Hughes: It's being built to LEED-certified, which I believe puts it in the top 25% of buildings, taking all buildings into account, but it doesn't have any of the higher certifications like gold, platinum and so on; it's just LEED-certified. I should say also that the project agreement contains a provision that if the project company, Plenary Health, fails to achieve certification within

two years, there are financial penalties that they will be obliged to pay.

**Mr. Tabuns:** What's the basis for calculation of those financial penalties?

Mr. Hughes: Do you mean, how much are they?

**Mr. Tabuns:** Do they reflect the fact that the building will be paying higher utility costs over the years? What's the calculation based on?

Mr. Hughes: We'll get you details on that. Mr. Tabuns: Okay. I'd appreciate that.

Hon. Mr. Caplan: I believe the contract outlines performance standards in this regard, that they must first of all certify and then meet those performance standards for energy usage, etc. If they do not, they're subject to penalty under the terms of the contract.

Mr. Tabuns: Is Plenary Health able to sell its contract

to another company at a later date?

**Mr. Hughes:** They are able to refinance, and if they refinance, the project agreement provides that if there are benefits associated with that refinancing, the government shares 50% of any of those benefits.

**Mr. Tabuns:** Which is useful information. Are they able to sell their contract to another body?

Mr. Hughes: I don't know the answer to that.

Mr. Tabuns: It would be useful—

Mr. Hughes: I would assume yes, but we will check.

Mr. Tabuns: If Plenary is able to sell, then it would be interesting to know what conditions the public sector is able to impose on any sale. Is it able to reject a proponent whom the public sector may not have confidence in?

Mr. Hughes: Okay.

Mr. Tabuns: Do I still have time?

The Vice-Chair: Yes, you've got one more minute.

Mr. Tabuns: Have you considered self-insuring against risk? When I looked at the standard procurement model, you have a calculation of common risk. I assume that with good management it would be possible on a regular basis to reduce those risks. You understand what they're going to be; we all can see what they're going to be. Has the government of Ontario looked at the potential for self-insuring against those risks rather than having someone else finance those risks?

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Mr. Hughes: For which projects are we specifying?

Mr. Tabuns: For the whole process of going to alternative financing. When you go to alternative financing, the contractor assumes all the risk. When you do traditional procurement, you've been able to quantify risk, you know what it's likely to be and you can take steps to try to minimize those risks. Have you looked at self-insuring against risk?

Mr. Hughes: My understanding is that the government does self-insure. In the value-for-money calculation, there is a cost associated with insurance, so if the private sector has insurance premiums built into its bid, then comparable costs of insurance need to be built into the public sector comparator.

Mr. Tabuns: Actually, my question was not just a question of insurance; obviously there are risks that come

along that you've recognized in your calculations. I'm assuming that there are insurance premiums, but there's also, let's say, the risk of bad weather—I don't know if you have insurance premiums for bad weather during construction. You would factor in the potential for bad weather delaying construction for you to incur costs. Right now, it looks like the private contractor, from your calculations, is able to cut that substantially.

Mr. Hughes: In the case of bad weather, the project

company is responsible for that risk.

**Hon. Mr. Caplan:** The way it works is, the project company has to lay out a construction delivery schedule and there is a financial penalty to them if they do not deliver the project within the schedule that's agreed to contractually between them and Infrastructure Ontario.

Mr. Tabuns: I gathered that.

**The Vice-Chair:** Thank you very much, Mr. Tabuns. The next 20 minutes will go to the government members.

Ms. Mossop, you have the floor.

Ms. Jennifer F. Mossop (Stoney Creek): Minister, I want to move into a different area. I know that you are responsible in part for the LCBO. We've had a number of discussions with regard to stakeholders in my area, Niagara region specifically. All sorts of issues have come up with the wine industry in our area, the challenges that they face. We've had some concern as to how well this industry has been able to market itself through the LCBO and other issues.

I'd like to get a sense from you of what steps and measures have been taken to support the Ontario wine

industry in an appropriate manner.

**Hon.** Mr. Caplan: I thank Ms. Mossop for the question. The member would be aware that Ontario has a wine and grape strategy that is developed and overseen by all our partners in industry, by the government and by the LCBO. What that does is contain volume force and targets for sales of Ontario wine.

The strategy sets targets for sales through the LCBO and also through the wine retail stores and direct delivery by wineries to bars and restaurants. Notwithstanding the fact that over the past number of years we've had three crop failures—I believe we've had the Asian ladybug infestation as well—Ontario wines continue to hold, and in fact show modest growth in, market share. That is a very significant achievement for the LCBO and for the industry. Forty per cent of Ontario wine sales take place outside the LCBO, in winery-owned retail stores and through direct delivery from winery sales, and these channels are the responsibility of the industry itself.

Part of this wine strategy is to provide Ontario wineries with prime positioning and premium fixtures in each and every LCBO location. So they provide shelf space for Ontario wines in accordance with a memorandum of understanding that was signed in January 2003. Under this memorandum of understanding—the signatories are the Ontario government, the Wine Council of Ontario and the LCBO—the LCBO ensures that shelf ontario wine always matches or exceeds sales. Allocation is tracked, and the data is shared on an annual basis with the Wine Council of Ontario.

The government strongly supports Ontario's wine and grape industries. We've been providing \$2 million annually for five years, beginning in the year 2005, to support Ontario's wine strategy, and that's administered by the Minister of Small Business and Entrepreneurship, and in addition to that, in the 2006 budget, a further \$5-million one-time grant to the wine industry and the grape sector for marketing of Ontario product.

We've also negotiated a package of measures, supported by both the grape growers and the wineries, as I mentioned earlier, to mitigate the effects of short crops on the Ontario industry, particularly the 2005 harvest. Further, in June 2006, the government announced a three-year, \$10-million program to support the sale through the LCBO of VQA—Vintners Quality Alliance—wines, which are made up of 100% Ontario grapes. That too is administered by the Ministry of Small

Business and Entrepreneurship.

There are a number of other things. For example, the LCBO developed, in consultation with the wine industry, and supports a monthly VQA superstars promotion in stores and in their Food and Drink magazine; trained Ontario wine advocates in almost 300 stores help educate customers about Ontario wine; the craft winery program helps small wineries establish their brand in stores with high VQA sales; there's an annual promotion of Ontario wines that takes place in September and October, which I'm told is a prime time of the year for such things, and of course, a comprehensive vintages strategy to support VQA wines. There are many, many other things, but I want to allow time for additional questions.

Ms. Mossop: There's one thing I'm going to get at

specifically, because—

Mr. Robert W. Runciman (Leeds-Grenville): He was ready for that question.

Ms. Mossop: Well, I'm sorry that your friend Mr. Hudak isn't here, because he would very much enjoy this conversation.

The other thing I'm trying to get at, because consumers came to us with this concern as well as the grape growers—there is the wine council, but there are the grape growers as well. VQA is 100% Ontario wine; however, because of short crops in the past, there has been the ability for Ontario wineries to blend with foreign product, and there was a lot of confusion for customers, specifically, as to what they are actually buying. Are they buying an Ontario product, or are they buying a foreign product or something that's sort of a blend of the two?

There was discussion, and I want to know where that ended up. How did you manage to deal with that issue?

Hon. Mr. Caplan: Predominately, the Wine Council of Ontario, but also the grape growers, wanted us to make sure there could be the ability to continue to market. They've always made a blended product that has been a staple of the Ontario wine industry. Because of the short crop, which certainly occurred, the sector specifically asked us to be able to denote something they call "Cellared in Canada" that would have a clear delineation between a VQA product, which is exclusively Ontario grape, and the cellared-in-Canada product, which would

be blended between Ontario grapes and grapes that come from outside our jurisdiction.

The LCBO strategy, however, in support of the Ontario wine sector, has been to promote the VQA wines—the ones that are wholly Ontario grape and produced here, and they're excellent programs. As well, there are other kinds of things—merchandising programs, other ways we're working with the wine and grape sectors to promote, market and share the wonderful wines and the wine experience.

I know you're from an area of the province that has just marvellous opportunities for tourism, for others to come and experience not just a wonderful product but also the ambiance and all the wonderful things that Niagara has to offer. The LCBO works in partnership with the Wine Council of Ontario and the grape growers in making these experiences possible.

Ms. Mossop: I want to reiterate the importance of that, which you have pointed out, but it is a major industry and I cannot imagine Niagara without the wine industry. It's almost impossible to imagine taking the wine industry out, because it is such a huge part of that region. It's really a trademark. It's its character. It's its signature.

Hon. Mr. Caplan: Well, it's interesting to note that the combination of the new marketing initiatives that I outlined to you, an array of LCBO programs, have helped to make, and helped Ontario's wine industry maintain, VQA market share through the period of limited supply through the short crops. Despite reduced supply, LCBO sales of VQA wines are up 7% to over \$52 million. Those are the kinds of things that we're looking to.

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The LCBO has three important mandates: certainly, to return back to the treasury of the province of Ontario so we can reinvest in health, education and so on; the social responsibility mandate; but the third, equally important, mandate is the promotion of Ontario product, and they certainly do that very well.

Ms. Mossop: I have to say that it's not just about Niagara, although that is my turf. Prince Edward county and the Pelee Island area, of course, are very strong in this as well. When we talk about the tourism thing, I know-and I've done this just on my own because I am an advocate for the wineries in my area and the wine council. When I go to different LCBO stores around the province, I ask, "Do you get many questions? When people come in the door, do they ask about Ontario wine?" Invariably, the staff tell me it's one of the first things especially tourists from outside the province come and say, "Where's the Ontario wine? That's what we want to see." That's what they want to try when they come here, and then that in turn does stir interest even within Ontario for people going down to the Niagara region and enjoying the wine experience, the winery experience and all the other great things that can be had in that area-the Shaw Festival and all the rest.

**Hon. Mr. Caplan:** When you or I or even a visitor to Ontario goes into an LCBO store, in virtually all of them

the first thing they will see is Ontario wine. So that is very prominently featured and marketed because we do take that responsibility and want to support this important Ontario industry.

Ms. Mossop: I'm going to stick with the LCBO for a second.

Hon. Mr. Caplan: Sure.

Ms. Mossop: The other subject matter—and I was taken aback a little bit, when we started the bag-it-back program, that I actually did hear people who had a problem with this. I couldn't quite figure out why at first, but there were various different comments about having a problem with bag it back. My understanding is it's a perfectly sound program, but people were worried about, "Gee, I don't generally go to the Beer Store. I don't generally do this and I don't generally do that."

Can you just maybe explain it so that we can understand clearly what the goal is here, the benefits for everybody in the province, so that they understand a little bit better what it's about? Because there still seems to be a bit of confusion or a misunderstanding about it out there.

**Hon. Mr. Caplan:** Sure. On November 6, the government entered into a contract with Brewers Retail International. They operate one of the most successful deposit-return systems in the world. They have in fact a very enviable 96% return rate. That contract is on our ministry website. It was made public on November 30.

The bag-it-back program was launched on February 5 this year. On that day, nearly all retailers of liquor in the province, essentially the LCBO and wine and spirit manufacturers, retail and direct delivery operations, began to charge deposits on the containers, and licensee customers, on sales of all alcohol containers.

On the same day, Brewers Retail International—the Beer Store, as we know it—began accepting empty containers from consumers and businesses and providing a refund on those deposits. The bag-it-back program will boost environmental protection in Ontario. In fact, Ontario's Environment Commissioner has been calling for this program, as well as many others, including the Association of Municipalities of Ontario, for years, if not over a decade. We expect that at least 85% of wine, spirit and beer containers will be returned for deposit. That's been the experience in other provinces that have all implemented deposit-return systems. I believe that only Manitoba and Quebec are the two provinces without deposit-return systems. It will improve efficiencies in the existing municipal blue box.

I was kind of shocked to learn—with so many advocates in municipalities and environmentally, and so many others—that previous governments had refused to implement this kind of program. They ignored those calls to ensure that bottles and packaging were diverted from our landfills. In fact, I would note that the previous government eliminated all provincial support for the blue box recycling waste diversion, and as a result, Ontario has the lowest recycling rate in Canada.

This program will help to divert 25,000 to 30,000 additional tonnes of glass from landfill, the equivalent of

about 80 million bottles. It will free up space in the blue box, giving municipal governments the opportunity to expand recycling programs. It's not just that we're going to divert; we're going to make sure—we have it in the contracts; I hope all members will read it—that the glass from the wine and spirit bottles will be recycled into higher-end products and materials—things we wear, like Polarfleece, or glazes for tiles or roof/ceiling tiles. The Ontario deposit-return program will complement the blue box by raising recycling rates, which will mean that less waste will go into landfill. It's an important part of the diversion strategy and the environmental strategy of this government. It will mean a win for the environment and a win for municipalities—indeed, a win for all Ontarians.

**Ms. Mossop:** I just need you to clarify that, because the city of Toronto said that it stands to lose millions of dollars because it will have less glass to sell. Does that resonate at all?

Hon. Mr. Caplan: I find that a bit perplexing, because the city of Toronto introduced, in 1997, a bylaw requiring deposits on LCBO containers in the city of Toronto. The bylaw in fact was neutralized then by the Ministry of Municipal Affairs and Housing in Ontario. So I find the claim a little hard to fathom, given the fact that the city itself had passed a bylaw and had urged the government of the day to adopt it. We're certainly in keeping with the spirit and the intent and the direction of our colleagues in the city of Toronto. We know from their comments that it is working indeed very well. Mayor Miller himself said, "The new deposit-return system for liquor bottles is an excellent first step in improving Ontario's waste reduction initiatives. I look forward to the introduction of additional steps that encourage reduction of packaging at the source and increased reuse of items already in circulation." I'm very heartened by those comments by His Worship Mayor Miller.

Ms. Mossop: How am I doing for time, Chair? The Vice-Chair: You have five minutes left.

Ms. Mossop: Great. I'm just going to stick with this one more time. You said something about how this is working and we need to be able to track how it's working. I know this is something on which there has been a large discussion—accountability, transparency—which is why in many cases this government has had the Provincial Auditor open the books in many corners of this government and make sure that those books are opened and examined and made public before the next election. This has been a theme since we took office. How are you building in that same kind of transparency and accountability so that people can make sure that this program is getting the results that it needs to get?

Hon. Mr. Caplan: That was really key, especially in the contract that we wanted to strike with Brewers Retail International. I do want to commend the work that the LCBO and the agencies division of my ministry did in this regard. When the contract was signed, we made it public. That was the first step. In the early days of the program—it's still early. During the initial period with our partners, we're collecting the return rates and collect-

ing the data on what's happening. So we're committed to maintaining an open and transparent process with the Beer Store. That's why we built audit requirements into the contract. We're constantly auditing the program's costs to make sure that we pay only what is collected and what our fair share is. We believe that the program's

costs are being managed responsibly. I want to outline a little bit for you. The government pays the Beer Store 10.5 cents per container to provide the deposit-return and the recycling services to the providers and to the province. The benefits to the environment I believe far outweigh the costs. We estimate that over 2.5 million bags of garbage per year will be taken out of landfill when the public returns their empty beer, wine and spirit bottles to the Beer Store. The cost of the program depends upon the level of public participation, so it's very hard to estimate. But we've projected that the program may cost in the range of about \$15 million in the first year. I think that's a reasonable investment for the environmental benefit. Additionally, we've had a public education campaign-I hope you've had a chance to see it-in print, online, TV, radio, etc. It's approximately—and this is part of the contract too-\$7.5 million over the course of two years to ensure that the public is aware and knows how to use the particular

program.

I want to say as well that we want to make it as convenient as possible for people to be able to access; 70% of Beer Store locations are within one kilometre of LCBO locations but, additionally, we've opened up the agency stores. I have to look to see exactly how many locations. Just under 200 agency stores in small and rural communities are also outlets, plus there are registered bottle dealers who can accept them as well. We're looking for different ways and means.

When we get the data that we collect back through the audit processes that I've mentioned, it will be analyzed. We'll prepare regular reports on the numbers of containers that were returned, how they were recycled. We

expect the first report to be issued this July.

**Ms. Mossop:** So most agency stores can take them. Beer Stores can take them. So I can assure those people who said that they don't go to the Beer Store and this is a real hardship that probably is not a hardship if they just drive one block out of their way and stockpile the bottles?

Hon. Mr. Caplan: We believe that Ontarians, as evidenced by the early anecdotal evidence, are eager to participate, and if we can make improvements, we certainly will, but we want to make it easy and possible for Ontarians to participate in this long-overdue program.

The Vice-Chair: Thank you very much, Minister, and thank you for putting that on the record. With barbecue season coming up, it's nice to have that information available to everyone, Ms. Mossop.

We'll now turn it over to the official opposition for

questioning for 20 minutes.

Mr. Runciman: I have just a few quick questions, Minister. I'm going to be jumping all over the place here,

but going back to the Ontario Lottery and Gaming Corp., you'll recall the hubbub about the meeting or meetings that took place where Mr. Kinsella and Don Guy participated with Jim Warren to devise, I gather, a public relations strategy to deal with the insider trading allegations.

I know that when these questions were raised in the House, you indicated that this was not in any way, shape or form connected to the government, that this was an OLG effort to utilize Mr. Guy's services and Mr. Kinsella's services in their private capacities, whatever firms they belong to or own. Is it possible, for the last couple of years, to have an indication of what costs were associated with the reimbursement for services provided by both Mr. Kinsella and Don Guy and have that information tabled with the committee?

Hon. Mr. Caplan: The OLG is subject to freedom-ofinformation requests, and certainly if the member would care to make the appropriate requests and follow the

statute as it's laid out—

Mr. Runciman: We've been down that road on many other issues.

**Hon. Mr. Caplan:** —I'm sure that whatever exists can be made available.

**Mr. Runciman:** I guess if you want to be helpful, you could bypass that process and provide the information to the committee.

**Hon. Mr. Caplan:** Certainly I don't have, because I did not participate in any of the meetings, nor would I know what arrangements were made—

Mr. Runciman: I appreciate that.

Hon. Mr. Caplan: But that information is subject to the routine statutory requirements. I'm sure the member from Leeds-Grenville is quite familiar with those procedures and all of the information will go through the appropriate process. All you need to do is request it—

Mr. Runciman: I'm quite familiar with the stone-walling approach of this government. We saw it with the recent scandal where, week after week, you refused to call in the Auditor General until finally, in three weeks, you said, "He's going to report at some point down the road. Be patient until after the election, when all the details come out." This is sort of an echo of that approach to issues that I think bear some relevance to all of the concerns surrounding the OLG matter.

Hon. Mr. Caplan: I disagree entirely.

Mr. Runciman: A couple of other things. This deals essentially with my area. The eastern regional offices of the OPP are currently located in the building that houses Rideau Regional, which your government is fast-tracking closure of. Do you have any indication for us what might happen to the OPP regional headquarters as a result of that closure in terms of this location?

Hon. Mr. Caplan: I'd have to follow up. I don't have any detailed information off the top of my head. We could certainly follow up with you on details that you might be interested in.

Mr. Runciman: That would be important and helpful. Another property, the Brockville Psychiatric Hospital: I'm not sure what the arrangement is with the Royal

Ottawa—now the Ottawa Mental Health Centre—in terms of the buildings on that site. I know that a number have been declared surplus and, until there were public complaints about it, were being neglected by the ORC. Is there any plan for this site in terms of the ORC's approach, any efforts or plan to market surplus properties on that site?

Hon. Mr. Caplan: I have not seen any such plan but I can tell you—I don't know how appropriate it is, but the member for Leeds—Grenville did approach me with the possibility that the federal government might indeed be interested. We did pursue, both with him and his staff—I hope he would acknowledge that—to see what the interest of the federal government might be in the particular property. But I've not seen a marketing plan that's come to my attention for that particular site. I say in all candour that we're very interested in working collaboratively, cooperatively with the local member on what is an asset in the community and what the future use could be.

Mr. Runciman: I hope that's the case, because federal officials are looking at one of the buildings in the near future and it will require, I would suspect, if there is an interest, a commitment by the government and ORC to meeting some requirements in terms of security for that site to enable the feds to utilize it. So hopefully we'll be able to take you up on that offer of co-operation.

Just a couple of curious things here with respect to the two casinos. This is more my friend's bailiwick, but I know, having a chat with Peter Partington, the mayor of Niagara Falls and others—this may have been raised earlier too. What is the future of the two casinos in Niagara?

Hon. Mr. Caplan: I'm sure that the member is aware that Ontario Lottery and Gaming did sign quite recently an extension on the Casino Niagara site and I know that OLG and Fallsview management have been in conversation with Niagara Falls council. This matter was raised with me by Chair Partington and other officials in Niagara region during the recent Niagara Week and we certainly heard the interest. I can tell you that Niagara region did commission what they call the PFI study into the particular viability. Much of it is premised on the fact that the provincial government finally is coming forward and supporting the Niagara Falls convention centre.

I believe that you and your colleagues have been quite critical of that investment, but the people in Niagara and Niagara region seem to believe that this will provide an important anchor for them—

Mr. Runciman: I'm aware of us being critical.

Hon. Mr. Caplan: —and for the potential viability. That conversation took place roughly three or four weeks ago and I did undertake to the good folks from Niagara that we would certainly follow up with them and with Ontario Lottery and Gaming. I know that they have contacted or approached—I don't know if they've met yet—with the interim president and CEO, Ms. DiEmanuele, to pursue these issues further.

Mr. Runciman: I'm not aware of us being opposed to the convention centre in Niagara Falls, but if you have more information on that, I'd be happy to hear about it. **Hon. Mr. Caplan:** I believe your colleague Mr. Arnott raised this in the Legislature just the other day.

Mr. Runciman: When you make those comments, it's a reference to the party position and an individual—he has legitimate concerns about gaming and the growth of gaming.

This is the sort of thing that I'm hearing from some of my own constituents who tend to frequent casinos, unlike myself. They're saying that there's a real effort within both commercial and charity casinos in Ontario now in terms of slot margins to make it more difficult for people to win in Ontario. That's one of the reasons why folks are going outside the province to gamble. The smoking ban is having an impact and other factors, but I'm just wondering if you know anything about whether slot margins have been adjusted over the past few years to improve the bottom line of casinos in Ontario.

Hon. Mr. Caplan: I don't know that in particular, but I do know that the matter was raised at the standing committee on government agencies when the chair and the president and CEO at the time did appear before the committee. I don't have that in front of me per se, but I have a memory remnant that the win rate was—I'm looking around. Joyce, come on up. I think it was 81%, and in fact something like 92% is the actual win rate. I think they're set at—I'm going a bit from memory.

Ms. Joyce Barretto: I can speak a little bit to this. Actually, the win rates are all set by the Alcohol and Gaming Commission of Ontario. They set the actual rates. They do monitor. There are regular inspections by the AGCO into all of the casinos to ensure that—and the win rate is actually published in these machines as well. We can provide you more information on that. It is highly regulated.

**Mr. Runciman:** Has it been adjusted over the past few years?

Ms. Barretto: No, it has not. Not that I'm aware of, but I will actually check that.

Hon. Mr. Caplan: No, it has not.

Mr. Runciman: You're going to clarify that?

Ms. Barretto: I will.

**Hon. Mr. Caplan:** Sure. I hope you'll inform your constituents that their perceptions are not correct.

Mr. Runciman: They're just having bad luck, eh?

The Woodbine corporation—Woodbine Entertainment, I guess it is—has this huge proposal. I've been reading about it. Is part and parcel of that an expansion of the gaming enterprise? Is it tied to that in some way?

Hon. Mr. Caplan: I have been briefed by Jane Holmes and the folks at Woodbine, and I do believe that that is something they are seeking. They are hoping they can get approval to expand the gaming operation, yes.

**Mr. Runciman:** Where would that application stand at the moment?

**Hon. Mr. Caplan:** I don't believe there has been a formal application at this point. I believe they still have various municipal approvals to go through to get the development. I think there were some recent articles that appeared in the paper.

There is also a matter that they will face. The city of Toronto held a referendum back a number of years ago and there was a negative response to the ballot question whether there should be gaming and casino expansion in the city of Toronto. I know that they will want to speak with the city about whether there is a change of position at the municipal level.

I did make Ms. Holmes and Woodbine Entertainment aware that at the January 5 Ontario gaming strategy there was a contemplation that, with a few exceptions—being Ajax Downs and Quinte raceway—there would be no gaming expansion in the province of Ontario. So we've been very clear about that. But they have come forward with their vision for the future.

**Mr. Runciman:** I know that you had some layoffs at Casino Windsor. Was it 400 people last year or something like that? It was a significant number.

Hon. Mr. Caplan: No, I don't believe that's correct. There were some. The member is quite aware of some of the extraordinary pressures related to the increase in dollar valuation, some of the pressures at the border and the advent of three casinos on the Detroit side. That market is certainly changing. As well, there have been pressures in Niagara.

Mr. Runciman: You didn't mention smoking too.

That has obviously been a factor.

Hon. Mr. Caplan: That is something that we are tracking. It's quite interesting. We don't have all of the data in yet, but there are some interesting data that are being yielded. I would note that in Michigan state, for example, while they too have a state-wide smoking ban, they have exempted their casinos in Michigan.

Mr. Runciman: Mr. Hudak is just pointing out to me that approximately 800 full-time employment positions have been trimmed at three commercial casinos—Windsor, Niagara and Rama—so pretty significant num-

bers. Are any more layoffs contemplated?

Hon. Mr. Caplan: Ontario Lottery and Gaming had developed a plan, had brought it forward. The one that was outlined previously was not adopted. The corporation is currently working on the next iteration of their corporate plan. That has not been presented to me yet, so I'm really not in a position to be able to comment on it.

**Mr. Runciman:** Again, jumping around the place: You were talking earlier in response to Peter's questions about the hospital construction side and the process—I'm

not sure what the acronym stands for.

Hon. Mr. Caplan: Alternative finance and procurement, AFP.

**Mr. Runciman:** Is the decision to make this an initiative of your ministry made by the Ministry of Health or is it made by your ministry? Does the ministry you're building these facilities for make those decisions or does your ministry make those decisions?

**Hon. Mr. Caplan:** The way that it works when we develop the capital plan is that we bring forward to the cabinet the different methods that we advise that we use. In fact, as the Minister of Public Infrastructure Renewal, I designate to the corporation once the cabinet has made a determination that they wish to go there.

I would point out, however, that Infrastructure Ontario has on occasion said to us, "We don't think this one makes as much sense. We think you should do it as a traditional model or another project where you've designated it. We think it might work better on this one." So there is ability and flexibility to de-designate, so to speak, or to designate other projects. That's the way that the process works.

Mr. Runciman: But this is essentially confined to the health care sector?

**Hon. Mr. Caplan:** No, not at all. In fact, the Durham consolidated courthouse is an example, as well as the GTA youth centre. There are a number of projects which you would be familiar with. They are predominantly in health care, but there are a number of others.

Mr. Runciman: Nothing in the education sector?

Hon. Mr. Caplan: No.

**Mr. Runciman:** That's where I'm going with this. We know that a lot of the schools, especially the secondary schools, in the province are in pretty bad shape, and I'm just wondering why this hasn't been looked at as a way to

try to replace some of that aging infrastructure.

Hon. Mr. Caplan: In fact, education is very interesting. We chose an AFP-like strategy. What we did was we put together a revenue stream—I believe it was \$200 million per year—and levered that and were able to lever close to \$4 billion, to be made available over a period of time to boards of education. Four billion dollars has meant, I believe, that in excess of 6,000 school projects have either been completed or are under way currently in the province of Ontario. That initiative is called Good Places to Learn. It has been incredibly well greeted by school boards, by parents, by students, by teachers, right across the province. It has resulted in an unprecedented amount of work that is happening in the education system. So I commend that program to you.

Mr. Runciman: I'm not seeing it in my area.

Hon. Mr. Caplan: I could follow up. What is the school district?

Mr. Runciman: It's Upper Canada.

Hon. Mr. Caplan: We can follow up and find out. We work very hard to try to determine where the money is going and what projects it's going into, so we can follow up with you on specific projects in Leeds—Grenville, and hopefully you'll be able to have a conversation with local trustees about how they're using the dollars that we're providing.

I can tell you that it has been a tremendous boon to elementary and secondary schools right across the prov-

ince

Mr. Runciman: How much time do I have left, Mr. Chair?

The Vice-Chair: You've got three more minutes.

**Mr. Runciman:** I'll turn the rest over to Mr. Hudak, but just in terms of the bag-it-back program, one thing you may also want to keep track of is beer sales at the LCBO. I was talking to a manager of a local LCBO outlet and they said they've already seen a marked decrease in beer sales at LCBO outlets, so that'll be interesting to watch over the course of the year.

Hon. Mr. Caplan: I appreciate the comment.

I want to provide a quote for you from John Hay, president of the Ontario Craft Brewers. He says, "The Ontario Craft Brewers are impressed with the level of transparency and accountability built into the Ontario government's contract with the Beer Store. It sets a great precedent.... The government has worked very hard to negotiate a fair contract"—

Mr. Tim Hudak (Erie-Lincoln): I thank the minister. We've heard that quote before, and I don't think

Mr. Hay exactly was jumping for joy at—

Hon. Mr. Caplan: —"with its service supplier—a contract that supports our shared commitment to supporting environmental protection in Ontario."

Mr. Runciman: I didn't ask a question, Mr. Chairman. He's just filling the time. He's killing the clock.

Interjections.

The Vice-Chair: Guys, hold on.

Hon. Mr. Caplan: Mr. Chair, I think you want to be fair.—

The Vice-Chair: Finish your statement quickly and we'll give you one more question—

Mr. Hudak: Ah, man, he's used this only 20 times-

Hon. Mr. Caplan: Mr. Hay stated, "The government has worked very hard to negotiate a fair contract with its service supplier—a contract that supports our shared commitment to supporting environmental protection in Ontario."

Mr. Hudak: Do it on your time-

**Hon. Mr. Caplan:** I take your comments, Mr. Runciman, to heart, and we certainly do have plans to work in support of this very important Ontario—

Mr. Runciman: You said that five minutes ago.

The Vice-Chair: Now you have a couple more minutes, Mr. Hudak.

Mr. Hudak: God bless you, Chair.

Minister, I could describe your relationship with Jim Warren as being personal friends?

Hon. Mr. Caplan: No.

Mr. Hudak: What's your relationship with Jim Warren?

Hon. Mr. Caplan: I've met him on a couple of occasions, but that would be about it.

Mr. Hudak: How often do you meet with Mr. Warren?

Hon. Mr. Caplan: In the last five years, maybe once.

**Mr. Hudak:** Have you met with him since he has taken up his position with the Ontario Lottery and Gaming Corp.?

Hon. Mr. Caplan: I believe he has attended one or two meetings or briefings that I was also in attendance at, but we never did interact.

Mr. Hudak: Can you describe what those briefings were about?

Hon. Mr. Caplan: No, I couldn't. It really doesn't come to mind.

**Mr. Hudak:** Was Mr. Warren part of any briefings with you with respect to the insider-win policy at the lottery and gaming corporation?

Hon. Mr. Caplan: Not that I recall.

Mr. Hudak: There was the infamous meeting of April 11—nope, sorry, that's the e-mail—the infamous meeting of October 29, 2006, where Warren Kinsella, former McGuinty communications director Jim Warren and Don Guy, the director of the Ontario Liberal campaign—this is quite a triumvirate. Minister, this is not exactly Jack, Chrissy and Janet here. These are the three heavy hitters of the Liberal campaign. What the heck were they doing at the lottery and gaming corporation on this issue?

Hon. Mr. Caplan: I think the Ombudsman talks about the fact that Ontario Lottery and Gaming treated the Fifth Estate allegations, in his words, as opposed to trying to deal with the substantive matters, certainly as a public

relations exercise and-

Mr. Hudak: So if you say-

Hon. Mr. Caplan: Hold on. Yes, the question-

The Vice-Chair: Finish the question and then we'll

have to go to the third party.

Hon. Mr. Caplan: The Ombudsman quite rightly takes the OLG to task for that. I think, as I've outlined to the member in previous questioning, that my response was to try to get to the bottom of the issues and the substantive matters that were raised. That's why KPMG was called in. That's why I welcomed the Ombudsman—

Mr. Hudak: He's gone a bit further than my question, which was, just what the heck were they doing there? Did

the minister-

The Vice-Chair: Guys, with that, we're done the—

Hon. Mr. Caplan: A request.
Mr. Hudak: He's ragging the puck, guys—

Hon. Mr. Caplan: I don't wish to interrupt Mr. Tabuns, but could I have a short break? I need to be able to use the facilities—

Mr. Hudak: —give me three minutes back. I'm withholding my consent.

Interjections.

The Vice-Chair: We've got a short recess here for five minutes.

The committee recessed from 1714 to 1722.

The Vice-Chair: Okay everybody, we're back.

Hon. Mr. Caplan: Mr. Chair, thank you for your indulgence. I really appreciate it.

The Vice-Chair: You're very welcome, Mr. Minister. We'll now move over to the third party. Mr. Tabuns, you've got 20 minutes.

**Mr. Tabuns:** Okay; thanks, Chair. I have one or two questions to finish off on the procurement and then I have questions around water systems.

My questions around procurement touch on how the proponents protect themselves against risk. When I looked at the document that I was referred to, Altus Helyar, when I look at some of the risks that they are saying that the proponent will take on, I'd like to know why it's seen that they would be much more successful than a public sector initiative using traditional methods.

For instance, one of the problems here is "Failure to build to design: The risk that project is not constructed in accordance with the design documents. This could result in a dysfunctional building." Well, it happens all the time. I would assume that in traditional procurement there would be an assessment of the building upon completion, and if it didn't meet the standards, if there were significant damages, then the entity that takes ownership would sue to recover damages. But I would say it would be the same if this proponent, under your AFP, botched the building. There would still be damages that would have to be taken against the proponent. How is the public protected there? How is it that you would suggest the private sector is better able to protect itself?

Mr. Hughes: I'll try and answer that one. You're quite right. There's an inspection at completion in both cases, so no real difference there. The difference is, however, in the construction process that happens before that. What happens in the traditional model is that there tend to be a lot of change orders because of issues related to design coordinations. In the AFP model, the private sector takes that risk.

I'll just give a very simple example. Let's say you have baseboard heating and the design drawings show units on three walls but there should really be baseboards on all four walls. In the traditional procurement process what happens is, the builder realizes that that's a problem, goes to the hospital and says, "Guess what? You made a mistake on your design drawings. That's a change order, and we're going to charge you." No competitive tension at that point; they can charge a fairly high price for installing an extra baseboard. Under the AFP model, the risk lies with the builder, and they can't come back and ask for a change order for that sort of thing.

The consequence of that is that there is a lot more onus on the project company to do a lot of due diligence up front. We saw that in the case of the North Bay hospital where, when the RFPs went out, the bidders literally asked hundreds and hundreds of questions in an attempt to clarify exactly what the expectations were.

If you would like, I can attempt to respond to some of the questions you asked earlier as well.

Mr. Tabuns: Sure.

**Mr. Hughes:** While others were asking questions, I took a quick read through the project agreement. I'm not a lawyer—

Mr. Tabuns: Nor am I.

Mr. Hughes: —so I'll just give you a layman's interpretation.

On the question of LEED—I'm just going to flip to page 57 of the project agreement—essentially, the way that works is that if the LEED certification is not met within 24 months, there is a monetary payment that Plenary would have to make to the North Bay hospital. That amount has been agreed to; it's redacted from the project agreement. I don't know how much it is and I can't share that with the committee, but in response to where I think you were going with your question, there aren't additional penalties related to energy conservation targets or anything like that. It's a specific amount of money that has been agreed to in advance that would be compensation to North Bay General if the LEED certification is not achieved.

Maybe I should respond to: Can they sell, and what happens in that case?

Mr. Tabuns: Yes.

Mr. Hughes: The answer is, yes, they can, though there are restrictions. It is not possible to have a change in ownership or control if the sale is to what's called a restricted person, which sounds strange. I looked up what a "restricted person" is. These are people who can't be involved in a sale by Plenary: anyone who has a principal or controlling office in a country that is subject to economic or political sanctions by Canada or who has as its primary business the illegal manufacture, sale and so on of narcotics or arms or has been involved in terrorism; and, in the case of an individual, any member of the board of directors or a senior executive who has been sentenced to imprisonment or otherwise given a custodial sentence, someone who has as their primary business the acquisition of distressed assets or investments in companies or organizations that are believed to be insolvent. so people who are-

Mr. Tabuns: Vulture funds.

Mr. Hughes: Exactly. That's the intent.

The last one is anyone subject to a material claim by the actual hospital or by the province. Oh, and one more: anyone who has a material interest in the production of tobacco products. Those are all restricted people, and Plenary can't sell to those people.

There's also a condition that says Plenary can't sell if a change in ownership would have a material adverse effect on the performance of project operations or the hospital's services, which is a pretty sweeping condition, actually.

Mr. Tabuns: Who gets to determine that? For instance, could the hospital say, "You're selling it to a company that's had a history of poor performance." No, they're not a terrorist; no, they don't sell tobacc; no, they're not part of organized crime or a vulture fund. It's not the highest bar I've ever heard of. Better to have terrorists excluded as potential partners than not, but—

Mr. Hughes: I understand what you're saying, and the agreement does speak to that issue. What it says, actually, is that no change in control of any Plenary party or any person with an ownership interest in any Plenary party shall be permitted without the prior written consent of North Bay General Hospital, not to be unreasonably withheld or delayed. So North Bay hospital has to give written consent to a change in ownership, according to the project agreement.

Mr. Tabuns: That answers that question.

Mr. Hughes: Okay, I'll stop there. There are a few others, but I won't take up time.

Mr. Tabuns: I've got the drift.

Mr. Hughes: Okay, fine.

You also asked about events of default. There are a number of events of default. Default can work both ways—it can be North Bay General that defaults—but I'm assuming you're most interested in the project company defaulting.

Mr. Tabuns: I am.

Mr. Hughes: Okay. I'll just give a few; I won't go through everything. One is financial. A default can be declared if there's a financial problem, meaning that Plenary can't pay its debts. There can be a default for non-performance, and a default if there is a court order against Plenary. There can also be a default if any of those three things happen in a foreign country—if Plenary has operations in a foreign country and any of those things happen. I'm skipping a few now. There's also a system where if Plenary does not keep a facility in proper condition, it accumulates what are called failure points. If it accumulates 1,500 or more failure points in any rolling 12-month period, that is an event for default. In the event of default, North Bay General Hospital has a right to terminate the whole thing with notice in writing.

Mr. Tabuns: Is there any penalty attached to North Bay if it should—

Mr. Hughes: No. There's a long process, but no penalty, and there actually are obligations imposed on the project company. If, for example, the default happens during construction, there are all sorts of obligations to give equipment, drawings and so on to North Bay General so they can continue with construction if there is an event for default. Those are very quick answers to the questions you asked.

Mr. Tabuns: Thank you. I don't have any other questions on procurement. I do have a question related to information that was provided from the last round of estimates. I asked what greenhouse gas increase was expected for a business-as-usual case for development in the greater Golden Horseshoe. I was provided with a report done by the Neptis Foundation in August 2002, Toronto Related Region Futures Study, and it was noted that, under business as usual, the increase in carbon dioxide would be about 4.5 megatonnes between 2000 and 2031. We now have a base case for the work that's been done with the growth strategy. To what extent will that increase in CO<sub>2</sub> be mitigated?

Mr. Brad Graham: We don't have that exact calculation, but there are inferences that can be made from Neptis's work and business as usual in the more compact scenario that they evaluated in the study you reference and also their other work.

The Vice-Chair: Sir, could you identify yourself once again.

Mr. Graham: Brad Graham, assistant deputy minister, Ontario Growth Secretariat.

In Neptis's work—they do some very fine work; we've been working with them over perhaps the last five years taking a look at business-as-usual development visa-vis a couple of growth scenarios, and I think they've outlined for a dispersed model, a compact and a consolidated form. While we haven't replicated that work, nor has Neptis necessarily replicated the work to take into account the growth plan, there are some inferences—and I want to stress that they're inferences and not actual calculations—that the abatement or improvement in

business as usual versus compact is actually increased under the growth plan for a couple of reasons.

First, the Neptis work—originally, when they had their compact form scenarios prior to the development of the growth plan and the greenbelt. So in fact the scenario we actually have in policy and in law will result in more compact development than was envisioned by Neptis. That's not a criticism of their work; it's just that the framework wasn't in place. You've often heard us use statistics that were based on Neptis work: about 42% in auto emissions, base case versus compact. The impact would be greater. Auto emissions would be more if you actually compared it to the growth plan.

Second, the Neptis work—again, it was pre-work that we did—forecast fewer people coming to the region. So those benefits, if you will, are even increased with the growth plan, because we're accommodating more people than was contemplated by the Neptis work and in a more compact fashion. Again, that's not a criticism of their research. They've done very good research, and that's the baseline that we do have. We would see improvements in those numbers, but I don't know exactly how much.

**Mr. Tabuns:** Are you planning to do a study to show what the greenhouse gas increases will be with your proposal?

Mr. Graham: Not at the moment, but it's certainly something we're very interested in. We're always looking for metrics and measuring the effectiveness of something like the growth plan. We're not a research institute.

Mr. Tabuns: No, I understand that.

Mr. Graham: We often like to rely on the credibility of others who are researchers. Certainly the issue of greenhouse gases is tremendously important. We're comfortable in that we're making improvements. We just can't measure exactly and precisely how much that is. Clearly, as governments are more interested in the cumulative effect of their actions, it's certainly something that we're very interested in doing, and working with people like Neptis, the Suzuki Foundation and others is something that we'd certainly be amenable to. Again, we've done an awful lot of work in developing metrics. I dare say it may be an issue of expertise but also a kind of capacity. It's certainly something that we'd be willing to work with people on.

Hon. Mr. Caplan: I think it's also fair to acknowledge that within the scientific community itself—this is a fairly young area—and bodies of research, in many cases, there is even disagreement on methodology, measurement and the like. We will want to take advantage of the understanding as it grows and as it can be applied to some of the growth planning work that we have done in the greater Golden Horseshoe. We certainly look forward to commencing that work with our partners, and as ADM Graham mentioned, we would talk to those who would be out there to provide us the basis of know-how and direction on how to measure, how to be able to provide answers to this kind of question.

Mr. Tabuns: Thanks, Minister. The other question that I have, following up on the responses I got from the

last round: I asked if the ministry was going to take into account life cycle infrastructure planning that would take into account the impact of climate change, the need to adapt infrastructure. The response I got back was somewhat ambiguous, so perhaps—

Ms. Carol Layton: I could give some further detail on

that.

Certainly we can appreciate that climate change is critical in engineering and in design and in maintenance standards for highways, bridges, dams, hospitals, buildings, municipal roads and onwards. We are working, the ministry, as the central agency for structural planning with our many partner ministries. We have some ministries that are certainly further ahead than others. For example, the Ministry of Transportation fairly recently did some work with the department of civil engineering at McMaster University, looking at the potential impact of climate change on highway drainage, infrastructure, including bridges, culverts, storm sewers and storm water management. They looked at the present, and they looked into 2020, 2050 and 2100.

I guess the other point I'd want to make there is that we actually have under way right now, down in the West Don Lands, our first infrastructure initiative under the leadership of PIR that truly is meant to be one that is looking at climate change. The huge berm that is being built down there is a berm that is going to meet the standards required to meet a level 4 hurricane. It is our first provincial infrastructure investment that will accommodate the increased frequency of storms. It's Hurricane Hazel standards, not once but in increasing frequency. There certainly has been that sort of work.

The need for it to be obviously pervasive throughout government is what we are working on. We are meeting later this month with the Conference Board of Canada, who's done some good work on climate change, and in fact, even considering a leaders' forum on climate change as well. So there is work under way in the ministry.

Hon. Mr. Caplan: Of course, much of the infrastructure related to water and local roads is under the purview of our municipal partners. We are committed to working with them too, as they go through and do the kind of replacement work or the kind of expansion work to be able to meet the standards that would be expected in order to deliver the kind of value over the life cycle as well as possible. I believe the Good Roads Association has developed a very good asset management tool for municipalities to work with. This is a young body, and we're working with our partners to be able to develop and deliver the kind of standards that I think the member is getting at.

Mr. Tabuns: Can you tell us by what date we can expect climate change adaptation standards will be in place for projects financed by the government of Ontario?

Ms. Layton: Every year, we issue instructions to ministries, results-based planning instructions, and the asset management framework is in that context as well.

Our work won't be lock, stock and barrel and we'll have it all done at once, but we're certainly beginning. with the cycle that's coming, to increase the awareness of the need to think in that context. But, as I said, a ministry like the Ministry of Transportation has been out there commissioning that sort of work for quite a while, so as far as a central agency set of instructions going out, I think you're going to see it incrementally, but it will certainly begin in the cycle that's coming.

Mr. Tabuns: I appreciate that information, but do you have a plan to actually ensure that all of the money that we're investing will be in projects that are designed so they're protected from the different climate that they're going to deal with over the next three to four decades? Do you have a time—say, the next two or three years that you expect to have that all in place?

Ms. Layton: In the fiscal plan certainly that we have today, and looking out multi-year, because we do it on that basis, it doesn't accommodate, in a sense, the increased costs that will be associated with climate change initiatives. But that is a rolling plan that we do every year, so we will be adjusting it within the confines of the fiscal plan that we can do it. So we'll do our best.

Hon. Mr. Caplan: I think it's important to note as well that we have moved ahead on several projects which will lead to some—not in total, but some. For example, the archives of the province of Ontario: We've broken ground at York University on the new archives, to be built toward a LEED silver certification—a reduction in energy, a reduction in greenhouse gas emissions for our building, which will have a life over the 30-, 40-year period of time. Similarly, there's the Durham consolidated courthouse; similarly, there's the West Don Lands precinct plan to a LEED gold certification.

So we're doing much of the early work in order to be there, but we do anticipate, and are working toward, the kind of standards-also with our partners, as I mentioned, federally, municipally, in the other areas as well. This is a young area of interest and science, and we certainly want to be able to work on a realistic time frame toward getting those things in place.

The Vice-Chair: Thank you very much, Minister. The bells have just started ringing, so we'll—

Hon. Mr. Caplan: We'll pick the time up—

The Vice-Chair: Next week.

Hon. Mr. Caplan: I think next week is constituency week.

The Vice-Chair: Right; the week after. Sorry. Yes, it will be May 28 when we'll be back here.

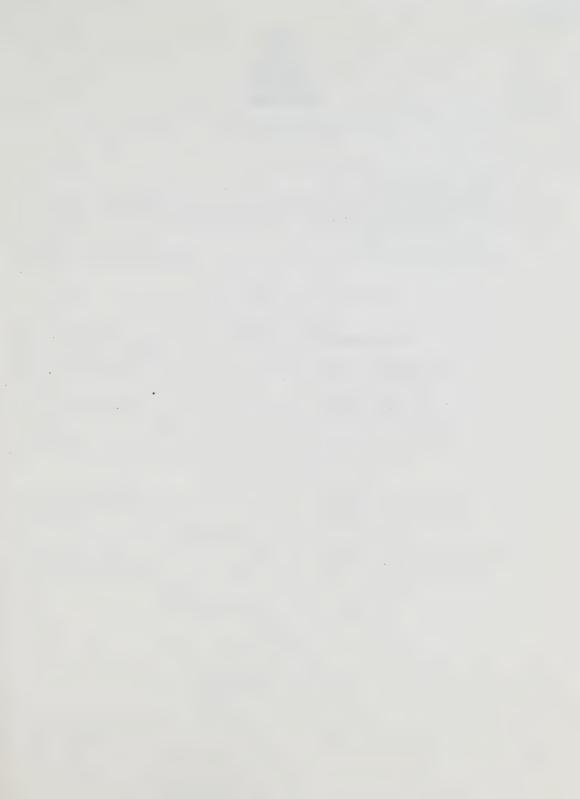
Hon. Mr. Caplan: Mr. Chair, thank you very much, and I'm eager to come back on May 28 or 29.

The Vice-Chair: We'll start with the government members that day, okay?

Hon. Mr. Caplan: That's perfect. The Chair: Thank you very much.

The committee adjourned at 1743.





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# Legislative Assembly of Ontario

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# Official Report of Debates (Hansard)

Tuesday 29 May 2007

## Standing committee on estimates

Ministry of Public Infrastructure Renewal

## Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

Journal des débats (Hansard)

Mardi 29 mai 2007

## Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Tuesday 29 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mardi 29 mai 2007

The committee met at 1604 in room 228.

## MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Vice-Chair (Mr. Garfield Dunlop): We're proceeding. Go ahead.

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Mr. Tabuns asked for information on provisions in the event of bankruptcy of Plenary Health during the contract for North Bay Regional Health Centre. The project agreement has been made available. LEED certification penalties for the same project: Mr. Tabuns asked for further information on the basis of the calculation of financial penalties if Plenary Health failed to achieve LEEDwhich is Leadership in Energy and Environmental Design-certification within two years. The project agreement has been made available to Mr. Tabuns. Further, if they're able to sell its contract, whether the public sector is able to reject a purchaser that they do not have confidence in: I again note that the project agreement has been tabled with the clerk.

Mr. Runciman, the member from Leeds-Grenville, asked for information on the status of the eastern regional OPP office located in the Rideau Regional Centre near Smiths Falls in view of the pending closure of the facility. The answer is that the OPP detachment will remain in the area after the closing of the Rideau centre, at a location yet to be determined.

Mr. Runciman asked for further information on the setting of the margins or win rates for slot machines in Ontario-whether these rates have been adjusted over the past few years to make it more difficult for people to win in Ontario. The answer is that OLG provides information about payouts on its website under "Media Advisory Fact Sheets." As directed by Ontario's gaming regulator, the AGCO-the Alcohol and Gaming Commission of Ontario—the minimum payout for slot machines in OLG gaming facilities must be set at 85% or higher. The higher the payout, the more money is returned to the customer. OLG determines the payout for all machines, ensuring that it is not less than 85% and whether a particular machine will pay out more than 85%. For example, some may pay out between 85.1% and 99.9%. AGCO ensures that the machines indeed do pay out the amount OLG says they are set at. OLG and AGCO are

able to track the payout through the use of a computer program stored in each machine. The payout is based on the long term, and the pay amounts set for individual machines often vary according to denominations and type of machine. AGCO also ensures that all games of chance are conducted in the public interest, with honesty and integrity and financial responsibility. Games of chance must, of course, be conducted fairly.

Payouts in Ontario are comparable to other jurisdictions in Canada. The determination of the slot payout amount varies according to many factors, such as the type of machine, the amount of activity of the machine, the location of the machine or even the type of denomination. In all cases, the decision to lower to 85% or to go to any amount higher than 85% is a proprietary business decision by the gaming facility operator.

Finally, Mr. Runciman asked for information on funding to school boards on specific projects to upgrade public education in schools within the riding of Leeds-Grenville. I'm advised that that request should be made directly to the Ministry of Education, as it is provided through them and through their purview.

The Vice-Chair: Thank you very much, Minister, and welcome again today. We should be able to clean up your ministry today. To begin with, we'll start with the government members. They have a 20-minute rotation.

Mr. Bob Delaney (Mississauga West): Welcome back, Minister. As the minister is well aware, I come from a very fast-growing area: the city of Mississauga and the region of Peel. What I really wanted to discuss with you are some of PIR's strategies and ideas with regard to growth. As the minister is very well aware, among the issues that we grapple with in the 905 belt, particularly related to growth, is that just when we think we've executed what we thought at the outset was a very ambitious strategy both at the city level and certainly at the provincial level, we find that the strong growth in our area, in our part of the greater Toronto area, has just simply moved the yardsticks a little bit further.

At a number of the events I've attended at which the minister has been present, he has described a number of strategies for growth especially applicable to the GTA. I know our mayor, Hazel McCallion, has strongly supported many of the minister's ideas.

I'd like to focus on one thing in particular. Recently we held a growth summit here in Toronto. I'm wondering whether the minister could provide the committee with

an overview of what the summit entailed, why it was necessary and some of the highlights of it.

1610

Hon. Mr. Caplan: I'm also joined by Assistant Deputy Minister Brad Graham. Of course, I was remiss; I should have introduced Deputy Minister Carol Layton, who is to my left. And I want to thank you, Mr. Delaney, for the question.

The Places to Grow summit brought together an unprecedented number of municipal elected officials, many of whom are newly elected and unfamiliar with the growth plan, along with senior municipal staff from all over the greater Golden Horseshoe; leaders from a range of fields, including planning and urban design, economic development, the business sector, environmental groups, the development industry, agricultural organizations, academics, experts from the transportation sector; and, of course, provincial and federal government officials were there as well. This came about in a number of ways. In fact, Markham Mayor Frank Scarpitti approached me and suggested that we should bring all of the players together for a conversation, because we've come up with what's been internationally recognized as a very good plan. The hard part now is, how do we implement the plan? So we held a number of different sessions. We were fortunate indeed to have the president and CEO of the smart growth institute in the United States, former Governor of Maryland Parris Glendening, as our keynote speaker in the morning, and we were really thrilled to be joined by the Premier, who provided some very inspirational words and direction and vision for us, in the afternoon.

We held sessions about the role of Infrastructure Ontario and infrastructure investment; rural versus urban issues; how you develop transit-supportive communities. Many of these kinds of areas were explored by the participants. We had a forum and a panel of some of the mayors and some of the different municipal leaders. I believe Mayor Farbridge from Guelph, Mayor Scarpitti and Regional Chair Ken Seiling sat on that panel to talk from their perspective about some of the issues they had. I of course did have a chance to sit with Hazel McCallion through lunch and through some of the presentations as well. And we were joined by Mayor Fennell from Brampton, I would say to my colleague from Brampton. So Peel was very well represented.

I would say that the real highlight for me, though, was a project that began under our ministry. I'm going to ask ADM Graham to talk to you about the youth project, which was, I think, the real highlight of the day.

Mr. Brad Graham: Thank you, Minister. The youth engagement project—well, first of all, it came out of the idea that, as the minister said, it's one thing to come up with a growth plan and have policies, but to actually have it implemented, it has to have certain acceptance by those who are implementing it, including—and primarily—municipal leadership. But the public also has to become engaged and informed on a new way of developing an urban design. Critical to that was engaging youth in this exercise.

Several months ago we started a pilot project—unimaginatively called, at this point, the youth engagement strategy—where we brought together 48 youth aged 16 to 18 from across the region, from eight urban growth centres, places like Mississauga, Barrie, Oshawa and Markham, and set them forward with a number of tasks, which they actually developed in a chat room environment, an environment which they're quite comfortable with. We basically asked them questions like, "What do you like about your downtowns? What don't you like about your downtowns?" and gave them some research and parameters. Then we brought them together in three live sessions. It was quite exciting to see kids take a look at the problems and challenges we face in urban design and development and almost cast aside past prejudices and ideas and really take a look forward into the future. It manifests itself in the physical design of eight foam, if you will, 3-D downtown areas. That was also presented at the summit, and I must say it has been received quite favourably by local mayors. At some point-and I don't mean to make light of this, but some mayors were actually looking at it longingly and preferred the youths' design of their downtowns compared to that of their planning departments and the millions of dollars they paid consultants. So it's been a very successful project to have 48 youth involved and become quite excited over about a six- to eight-week period and to actually develop something that's quite worthwhile for ourselves as we move forward with the implementation of the plan, but also for local leadership. Each one of the groups of kids will have, if they haven't had already, the opportunity to present their plan to the mayors, and believe me, the mayors are quite excited about it.

Now that we know that this formula, if you will, works, it's something that we're looking to extend into the new year in a multiplier effect, and to spread this kind of discussion out, because the youth of today are the home builders and buyers of tomorrow. As we know, a lot of social change and ideas really take hold in youth, and certainly if we're looking to affect public attitudes and behaviours, that's a very worthwhile place to start.

Hon. Mr. Caplan: If I could just add one more thing, David Crombie was our master of ceremonies and did an incredible job. It was very interesting at the very end of the conference, some nine hours from the beginning. We had 400 participants, and quite a number of them stayed right to the bitter end, so to speak. What came through quite clearly, either in comments orally or through written feedback from the participants, was that we should have subsequent sessions and opportunities, perhaps located in Mississauga or in Markham or in Brampton or in Waterloo region, to bring together these folks and many others who would have liked to be there, and to continue to work on: What are the next steps? What are the benchmarks that we develop to indicate success?

Quite clearly, from the feedback from the participants, they gained a great deal out of it and would like us to continue.

Mr. Delaney: Thank you. Anyone who has ever taught can share your experience with the energy and

enthusiasm that some of our youth bring to the table. I can remember in my own teaching at Ryerson before I was elected that I would very frequently bring in people I knew from different branches of industry to evaluate what were supposed to be full dress rehearsal business plans for the various subjects that I was teaching in any given semester, and inevitably, when I debriefed my guests, they would all say to me, on the phone or in private, "Boy, that's a heck of a lot better than the stuff that we actually see, that we pay serious coin for." So I very much share your experience in that.

In the software world, where I worked before, when one was designing a piece of computer software or webbased software, you were always looking at what type of behaviour you were trying to do with your software, what type of task you were trying to accomplish. Sometimesand this probably has a parallel in some of the work that we're doing with planning for growth and of course the seminal Places to Grow document—our major task was trying to figure out what were the things we could measure that would indicate whether or not the task was being accomplished. In planning for growth, we're trying to reward certain things, such as brownfield redevelopment and preserving our green spaces and so on. What are some of the tasks that you undertook in approaching the issue of managing growth, and by what metrics or benchmarks could you establish whether or not you were making progress or meeting targets?

**Hon. Mr. Caplan:** That's a really good question. Maybe I'll ask Brad to lead off this time, and I'll fill in anything else.

1620

Mr. Graham: Sure. Thank you very much for the question. In terms of metrics, the growth plan certainly has explicit targets. I think the natural tendency for everyone is to reduce the growth plan down to some of the simple numeric targets that we have—which are very important, by the way. The one that seems to get the most airplay is the requirement by the year 2014 that 40% of new residential units will be built on already existing urban lands; or, for example, the densities we require for urban growth centres, and there are 25 urban growth centres ranging from 150 jobs and people per hectare to 400 jobs and people per hectare in more mature urban areas; or, for example, our greenfield target, which requires a higher density of 50 jobs and people per hectare in greenfield development. Those metrics and targets and explicit benchmarks are extremely important to get the kind of form that we're looking for.

Indeed, one of the things we heard from the summit and leaders from around North America is that while many of the growth plans that are developed around North America and indeed the world are similar in intent to the growth plan, they really look at the growth plan as the first plan that legislatively requires explicit targets and benchmarks when it comes to intensification. Really, the targets themselves are not an end by any means, if you will. They are a metric to measure the kind of urban form that we're looking for. It really is the look and feel

of downtowns and the downtown designs and the critical mass of people and jobs. That's what we're really after. But in order to achieve that, you need, if you will, a little bit more blunt and simple targets that are enforced. For example, one of the things that Parris Glendening was mentioning at the summit is that it's one thing to have density, but if you don't have appropriate design, I think in his words it's "disaster." It's very easy mathematically to put up four condos in isolation of the urban fabric around them, but you really can have higher density, then large condo developments, in mixed-use, multi-storey, blended into the neighbourhood, and it really is attractive and appealing.

Oftentimes when people hear the words "intensification" or "density," it's a very scary concept and certainly that has fuelled a lot of the NIMBYism that we have seen not just here but elsewhere. But when you show people renderings and designs about how it can actually revitalize communities and it isn't just about towers of people and it is about mixed use and vibrant communities, where people can actually walk somewhere—it's one thing to design your streets, for example, and your pedestrian walkways so that they can accommodate walking, but unless people have somewhere to walk to, it's an irrelevant exercise.

But while the plan does include specific metrics, it really is about the form. As we evolve, to your point, some of the metrics we'd like to develop a bit more are: How walkable are communities? What are the jobresident ratios and things like that? How can we measure the satisfaction of community and the quality of life, basically? Those are some metrics that are being developed around the world that we're very interested in, coming up with a kind of composite index, much like you'd see the CPI, which measures a whole bunch of factors that come together to make a good community. At the end of the day, those are good metrics, but we really do need those strong benchmarks and targets in the plan that are a prerequisite, if you will, to get that kind of critical mass of urban design and development.

Hon. Mr. Caplan: Also, taking a look at some of the work—quite renowned—of Richard Florida here at the University of Toronto, and some of the liveability measures that he has come up with, there's certainly, in the United States, a new urbanism movement which has developed, and we want to borrow from that. We were very fortunate—Kaid Benfield, from the United States, was talking about a very interesting concept that he called public sector sprawl, and in fact had quite a bit of agreement from the development industry about where you place your public sector institutions—schools, hospitals, courthouses, all of the institutional kinds of usages—to make sure they're fully integrated and that we're not inadvertently sprawling out using some of the different kinds of ways.

So we're trying to—this is very new for us—rethink. We're currently engaged in a couple of projects right now with our partners across the municipalities, the environmental NGOs and the business community. One

is the identification of key provincially significant employment lands. Another is, what is the actual delineation of the built boundary? You would think it would be a rather simple thing, but it does vary from municipality—even upper and lower tier—to municipality. We want to have a consistent measure. We also need to develop the urban growth centres. If you look at the Places to Grow map, it's a rather macro scale with a dot, so to speak, in Oakville midtown. What is the actual boundary of that and what will that look like in Oshawa or in Brampton or in some of the different communities?

We're working with our municipal partners and the other ones as well to do some of this baseline work and we'll use it as some foundational pieces. There are a couple of other benchmarks and benchmarking exercises that we are working on with them as well—what would provide reasonable measures, as Assistant Deputy Minister Graham outlined.

**Mr. Delaney:** Thank you. I believe my colleague Ms. Mitchell has a question as well.

The Vice-Chair: We have about three minutes left.

Mrs. Carol Mitchell (Huron-Bruce): Thank you, Chair.

I know that there has been a lot of excitement in the northern communities, a lot of conversation about the new growth plan up in the north. I know that as you work your way through the previously announced growth plan, the members from the north and the municipalities are anxious to see their growth plan go forward. So I wanted to give you the opportunity to speak specifically to this growth plan and how it will benefit the north.

Hon. Mr. Caplan: We undertook, of course, the greater Golden Horseshoe growth plan, where we have intense development pressures. Northern Ontario will be quite a different scenario for us, where they are seeing significant youth out-migration, and have over a long period of time. They have a resource-based economy and are very subject to some of the economic peaks and valleys based upon some of those industries.

About 10 days ago, our colleagues Minister Bartolucci and Minister Ramsay were in Sudbury and Thunder Bay respectively and advised the communities of northern Ontario of our intent for our next growth plan area to be northern Ontario.

Some of the responses have been incredible. Anne Krassilowsky, the mayor of Dryden, who is the president of NOMA, the Northwestern Ontario Municipal Association, says, "This is the answer to what we've been trying to formulate with NOMA and the common voice and the partnership that we brought to the table. This," referring to the northern growth plan, "is the perfect kev."

We had the chambers of commerce up north incredibly supportive. I'll just quote to you from Steve Kidd from the Northeastern Ontario Chamber of Commerce. I understand that the north is not one monolith; there are significant differences between northeast and northwest and in the far north as well. From Steve Kidd, the president of the NOCC: The northern growth plan

"represents an important milestone for the future of northern Ontario's economic success. The Northeastern Ontario Chamber of Commerce has been actively calling on the government to bring the Places to Grow initiative north. Having a plan for growth is critical to the enhancement and indeed, transformation of some sectors of our economy moving forward. I commend Minister Bartolucci and his northern caucus for their success in drawing the government's attention to the north with such a meaningful and aggressive initiative. The NOCC looks forward to working with Ministers Caplan and Bartolucci to develop this economic blueprint for the north."

What we'll be doing is forming a unique minister's table, led by Minister Bartolucci and northern development and mines, which is not only a minister's table but has a parallel OPS, the coordinating effect of getting different ministries to work together to deal with many of the issues in northern Ontario, building capacity in education and post-secondary.

We'll certainly have to connect with and engage our First Nations people, because much of the land, of course, is their land and we will want to work with them and understand what their aspirations are. We'll want to deal with the economic land use and certainly some of the infrastructure challenges that they're identifying.

These are all of the elements, and I am incredibly excited about engaging northern leaders and northern residents in understanding their aspirations and developing a blueprint that this government and future governments can begin to implement. I think that, as in the words of the Premier that I saw in the Thunder Bay Chronicle today, there is hope for northern Ontario. That is, I truly believe, contained within the northern growth plan. I hope that we'll have another opportunity—perhaps the next questioner will want to ask a little bit more about the northern growth plan. I think this will be a date that people will look back on in many years, if not decades, to come—some of the outstanding work that has been so meaningful to the people of Ontario, but in particular northern Ontario.

The Vice-Chair: Thanks very much, Minister. That covers the—

Hon. Mr. Caplan: Mr. Chair, before Mr. Hudak's turn, could I—I went to a buffet earlier today, and it's really kind of affecting me. Before I—

Mr. Hudak: Blame the buffet.

**Hon. Mr. Caplan:** I don't want to do that, but could I just have a very brief recess?

The Vice-Chair: Yes, we can. We do have agreement that when we come back Mr. Hudak can change places with Mr. Tabuns. He has an appointment. Are you in agreement with that?

Hon. Mr. Caplan: That's up to the committee members but I—

The Vice-Chair: We've got agreement. Okay, so we're recessed for five minutes. We do want to clean up here before—

Hon. Mr. Caplan: If we can. I apologize. The committee recessed from 1631 to 1638.

The Vice-Chair: We'll now go to the third party, and they can start their rotation.

Mr. Peter Tabuns (Toronto-Danforth): Minister, my understanding is that your ministry's best forecast for water and waste water investments that will be needed over the next 15 years is \$34 billion. Is that correct?

Hon. Mr. Caplan: That was a figure the expert water panel came up with. I believe it was broken down as \$25 billion directly and \$9 billion for remedial work. I have Bill Hughes here from the ministry. Our estimate over about a 20-year period, the horizon we're looking at, is somewhere between \$40 billion to \$50 billion. That's what we're projecting.

Mr. Tabuns: So the 15-year figure from the Watertight report is a figure you accept, but you're saying there

is a larger figure for a longer time period.

Hon. Mr. Caplan: Yes. I think I just answered that.

Mr. Bill Hughes: If I could add, it's probably a little low, because it doesn't include stormwater, for example, and there's some combined sewer and overflow investment that will be needed that we couldn't model. It's a conservative estimate of what actually will be needed.

Mr. Tabuns: Can you tell me how much was allocated for water and waste water investments in this year's

budget?

Hon. Mr. Caplan: How much in this year's budget? I'm going to look to Bill for that specifically.

Mr. Hughes: I believe it was \$140 million, but I will check.

Hon. Mr. Caplan: That's direct. Then we have programs like COMRIF, the rural infrastructure investment initiative, as well.

Ms. Carol Layton: OSIFA.

Hon. Mr. Caplan: That's right; OSIFA as well.

Hon. Mr. Caplan: For COMRIF, federal and provincial governments committed almost \$380 million to help 60 small and rural municipalities upgrade their water and waste water systems; on the rural infrastructure investment initiatives, 53 municipalities and \$56 million to upgrade their water and waste water systems; under the Ontario Strategic Infrastructure Financing Authority program, \$1.2 billion in long-term financing for water and waste water systems. And directly this year, Bill?

Mr. Hughes: It's 140 for municipal water infrastructure and 155 total.

Hon. Mr. Caplan: A total of 155 directly in the provincial budget—

Mr. Tabuns: One hundred fifty-five million?

Hon. Mr. Caplan: Yes, and then the other ones as well that I had mentioned earlier, Mr. Tabuns.

Mr. Tabuns: Right. Can you break down for me how much was allocated in this year's budget toward supply or source of water infrastructure, then the water treatment infrastructure and then water storage and pump stations? Why don't we start at the top with supply or source of water infrastructure.

**Mr. Hughes:** That's probably the only one of those that I can answer easily. For source water protection for 2007-08 it's about \$6.3 million. For last year it was about

\$8.4 million. That's in 2006-07 for source protection. Sorry; about \$9.4 million in 2006-07 and about—sorry, I'm just reading my micro font here. Let me correct the record: For 2006-07 it's about \$27 million, and for 2007-08. \$6.3 million.

Mr. Tabuns: Okay. Water treatment infrastructure.

Mr. Hughes: Water treatment: I can't give you that exactly because it's parsed into a large number of programs. The programs may fund water treatment; they may fund—as the minister was saying, there is COMRIF; there's RIII. They may fund water treatment; they may fund water distribution systems; they may fund waste water treatment; they may fund waste water collection systems.

**Hon. Mr. Caplan:** What we can do is endeavour to follow up with the committee and see if we can provide a better breakout following up on the member's question.

Mr. Tabuns: If that's the case, then I'll just restate the categories.

Hon. Mr. Caplan: If you want the numbers cut up in different ways, we'll try to do our best.

Mr. Tabuns: I do, and I appreciate the offer. The first would be the supply or source of water infrastructure, the intake pipes—what it takes for a city or town to get water in its raw state to a treatment plant—then water treatment infrastructure, then water storage and pump stations infrastructure and then distribution and trunk mains infrastructure.

Hon. Mr. Caplan: We'll do our best on those categories. I don't know if we keep it specifically, but through the various programs we'll endeavour to follow up with the committee.

**Mr. Tabuns:** Given the way that your budget books set things up, could you take those numbers and tell us what they will be, what the planned on-book budget investments are in each of these four areas over the next two years, the next three years and the next four years?

Hon. Mr. Caplan: That's rather difficult to do. We can tell some of the province's own, but you would be familiar—the federal government has developed what is called the Building Canada fund; they've set up an \$8.6-billion fund. Ontario is currently negotiating its share. I don't imagine that all of it will go to water, but a significant portion will. It will be difficult for us, but we'll do our best to provide a forecast to the greatest ability possible.

**Mr. Tabuns:** Can you tell at this point how much of the overall water structure investments will be made from OSIFA loans?

Hon. Mr. Caplan: I think we have that tracked at \$1.2 billion.

Mr. Hughes: That's correct; it's about \$1.2 billion.

Mr. Tabuns: In total.

Mr. Hughes: Yes.

Hon. Mr. Caplan: So far.

**Mr. Tabuns:** Sorry, Minister, when you say "so far," that's what has been allocated to date?

Hon. Mr. Caplan: The way that works is that municipalities—you're talking specifically about water, but

just in general, OSIFA has been expanded to universities, as well as non-profit long-term care homes, and also for use by municipalities for other kinds of infrastructure. It could be recreation, roads, bridges; it could be other municipal infrastructures.

Municipalities approach Infrastructure Ontario and say, "We would like to get some of this work going and would identify what the projects are"—or universities etc. Then OSIFA will go and do a bond issue and gather in the money and then do the individual disbursements. So it's a little hard to forecast what municipalities are going to identify for us to provide long-term financing. They'll have to tell us first.

**Mr. Tabuns:** Yes. So it's been \$1.2 billion up to date, but it's unclear as to what the demand will be in the next while.

Hon. Mr. Caplan: Your earlier question of what do we forecast, the overall water needs—and they are substantial investment needs, so I don't see any signs that that's going to somehow magically not be realized. OSIFA will be a part of an investment strategy to be able to go ahead and allow municipalities to do the work on their systems, but only a part. Part will come from the province, part will come from rates from users, part will come from joint federal-provincial-municipal cost shares, so there will be a number of ways and means. Different municipalities will have different abilities.

In the city of Toronto, as I'm sure you're quite familiar, you're across some three million people or whatever number of water users there are, so you can cross-subsidize. But in a very small town or rural community there is not the kind of size that would allow them to have as full an investment regime and practice. That's where the province will need to come in to support the communities through the different ways and means and their abilities to fund the much-needed programs.

Mr. Tabuns: The Watertight report noted an \$18-billion investment gap in the period 2005 to 2019 for water and waste water infrastructure. That's about \$1.3 billion a year. Do you, in your ministry, agree that that gap is a real gap, an issue that has to be addressed, and do you agree on the scale of the gap?

Hon. Mr. Caplan: As I said, they came up with \$34 billion over a 15-year period, and we projected—as ADM Hughes says, we think the numbers may even be a little bit conservative. We do think there has been significant underinvestment historically and a need for more investment in this sector. We do agree.

**Mr. Tabuns:** Fair enough. Do you think there is an investment gap that is looming for the province?

**Hon. Mr. Caplan:** I'll let Bill take a crack at it, but my answer would be yes.

1650

**Mr. Hughes:** I would agree with that. We're very familiar with the analytical work underlying the Watertight report. I would say that the estimate is credible. If anything, as I said earlier, it's conservative, and the actual need is more.

**Mr. Tabuns:** So given that, what's your plan to close the gap?

Hon. Mr. Caplan: As Dr. Swain and Mr. Lazar and Mr. Pine indicate in their report, there are a number of things that they believe need to happen: a reorganization of the water system itself; a pricing structure to be able to support not only the operational but the capital and financing costs, which are substantial; and the third is a regulatory environment with an economic regulator to ensure that the monies that are collected are spent or, as we would say, ring-fenced in that area, as well as the proper oversight and due diligence that would need to happen. As the authors indicate in their report, those are the types of reforms, in their opinion, which need to happen to get the water systems in general into a state where the kind of sustained investment will effectively be met.

We are currently having conversations with our partners at the Association of Municipalities of Ontario related to the recommendations that Dr. Swain and his colleagues made. I should say that there may not be complete agreement about the prescription that they have, and hence we're having the conversation with our colleagues across the province on how we can move forward with some of these kinds of reforms and get the level of investment that is going to be necessary in the short, medium and long term.

Mr. Tabuns: I think there was a staff commentary.

Hon. Mr. Caplan: I'll let Mr. Hughes-

Mr. Hughes: I'll just add a couple of things. First of all, one of the things that the Watertight report recommended that the government has moved on is the establishment of business corporations. Under the municipal business corporation regulation, the government has given municipalities the option—they don't have to, but they have the option—to establish wholly municipally owned municipal water and/or waste water corporations to deliver water and waste water services. That was certainly a key recommendation of the Watertight report. That's one thing that has been achieved so far, in addition to the conversations that the minister was talking about.

The other thing that's happened is that municipalities which have the primary responsibility for water and waste water systems have become more aware of the need, partly as a result, I'm sure, of the educative effect of the Watertight report. If you look at investment levels, which we've done, in water systems for the last number of years—we've gone back at least 15 years—for about a 10-year period up to the early part of this century municipal investment in water systems was averaging around \$1 billion a year, and it's moved up quite sharply since then. The latest data I have is for 2005. As recently as 2002 it was less than \$1 billion, and by 2005 it was just under \$1.9 billion. So municipalities themselves have recognized the need to increase investment. It's not enough yet. You're quite right: There still remains a gap, but there is some response happening on the part of the municipal sector.

Hon. Mr. Caplan: I would add one other thing: Municipalities are also identifying, as the expert panel indicated, the need for co-operation between municipalities. For example, in the London area, you have the regional water servicing consortium of Huron, Elgin, Middlesex and London in a super-regional; in Essex county, it's Windsor, Tecumseh and I know they're trying to get Lakeshore as well; in eastern Ontario, the city of Ottawa is working with the town of Russell and a number of the other partners there in some of the capacity that they have to be able to provide the services but also the level of investment, because when they act in concert, it's much less expensive than if they all acted individually for the kind of investment in their water systems. So there are a number of areas where they're naturally coming together, and that's very helpful as well as far as getting the kind of investment.

As well, we are quite actively, as I mentioned earlier, engaged with our federal colleagues in working to access the Building Canada fund. I expect that a substantial portion of those dollars will be used to meet the water needs in Ontario's municipalities.

**Mr. Tabuns:** So just going back, then, from what you're all saying, it looks like the Watertight report and most of its main recommendations are actually moving forward. Is that a correct understanding?

Hon. Mr. Caplan: I wouldn't go that far. I would say that much of the direction that the expert panel provides is moving forward, some of it naturally, but we are in conversation with our colleague partners in the municipalities—because they are municipal systems, after all—on how we can move this forward. They've identified themselves that these are critical areas of investment. Some are moving forward; others still are part of that conversation on an economic regulator, on the kind of reorganization that needs to take place, on the pricing structures, on those kinds of things. But some elements are moving forward and we're very encouraged by that.

The Vice-Chair: You have about one minute for a quick question and comment.

**Mr. Tabuns:** Do you see that investment gap closing, or is this still an issue that has to be resolved?

Hon. Mr. Caplan: I would say potentially yes. I don't think we're quite there yet. I think all members of this assembly and, certainly of this committee, should be aware that this is something that is not only pent up but it is upon us. I think people have recognized the need to act. But I wouldn't want to declare that we are where we need to be, because I don't believe that is the case.

**The Vice-Chair:** Thanks very much, Minister and Mr. Tabuns. I'd like to turn it over now to the official opposition.

Mr. Tim Hudak (Erie-Lincoln): Thank you to my colleagues on the committee for allowing the change with Mr. Tabuns. I had to step out for a moment.

Minister, as you'll recall, we were discussing estimates, specifically vote item 4001-01, agencies division, operating, and the org chart on page 11 of the estimates binder.

Hon. Mr. Caplan: I'm going to ask ADM Barretto to please join me here.

**Mr. Hudak:** Terrific. ADM Barretto, it's good to see you again.

Ms. Joyce Barretto: Thanks. Nice to see you.

Mr. Hudak: The minister discussed last time that the initial reaction of yourself and the McGuinty government seemed to be, when they got wind of The Fifth Estate's program on October 25, 2006, to go into a defensive mode and to support the lottery and gaming corporation. The Ombudsman in fact, at number 99 on page 26 of the report, says, "The Minister of Public Infrastructure Renewal defended the corporation in the question period that afternoon, referring to the corporation's significant internal controls." Point 100 says, "The minister praised the corporation, noting 'Ontario has proven itself among the best jurisdictions in lottery security due to the commitment and effort of OLG."

As I said, I did give you credit for calling in and asking for the review in the letter that you wrote to Mr. Gough at the time. But the Ombudsman seems to support the contention that the initial reaction was to go into defence mode and to say that the OLG was up to snuff, which is at odds with the findings of the Ombudsman in his report.

**Hon. Mr. Caplan:** Is that a question, or is that simply a comment?

Mr. Hudak: No, it's simply a comment.

Hon. Mr. Caplan: Well, I disagree with the comments, Mr. Chair.

**Mr. Hudak:** Chair, they were comments from the Ombudsman specifically.

When you look, then, at number 109, the Ombudsman says, "Even before The Fifth Estate program was broadcast, the corporation had been scrambling to dispute this hypothesis"—referring to the CBC contention, through its mathematician, that players who sell lottery tickets had a larger-than-expected number of wins.

On page 31, number 115 of the Ombudsman's report said, "The corporation also looked to a market research firm to verify its theory that retailers play more than the general public"—again contesting the points made by CBC. "The firm's survey of 380 retailers was conducted on October 23 and 24"—so even before the CBC show aired, I guess in anticipation of answers for the minister in question period the next day, that could be expected.

Minister, are you aware of what market research firm was hired by the OLGC at this point in time?

Hon. Mr. Caplan: I believe CBC, The Fifth Estate broadcast—it was Decima Research.

Mr. Hudak: Decima Research.

Hon. Mr. Caplan: I believe that's correct.

1700

**Mr. Hudak:** Liberal campaign chair and former chief of staff to the Premier, Don Guy—is he from Decima Research, or am I misremembering?

Hon. Mr. Caplan: I don't believe so. Mr. Hudak: Is he from Pollara then?

Hon. Mr. Caplan: I think so, yes.

Mr. Hudak: I thought he had a connection with Decima; I could be wrong.

The OLG had asked Decima to do that research for them. Had they run that by you or your office?

Hon. Mr. Caplan: No.

Mr. Hudak: Ms. Barretto, had they run that by the ministry?

Ms. Barretto: They had not.

**Mr. Hudak:** They just went out ahead and did that on heir own?

Ms. Barretto: They did that on their own.

**Mr. Hudak:** Were there any civil servants, aside from lottery and gaming corporation employees, engaged in meetings about the findings of Decima?

Ms. Barretto: No, there were not.

Mr. Hudak: Nobody from the minister's office was involved, Minister?

Hon. Mr. Caplan: No.

Mr. Hudak: The results were not presented to the minister's—

Hon. Mr. Caplan: No. In fact, I disagree certainly with the characterization that Mr. Hudak raised. When the matter was brought to my attention following the transcript of The Fifth Estate program with the spokesman from OLG, my reaction was, "Is this true? Can you confirm or refute the findings of a higher rate that they allege?" The OLG stance was that Professor Rosenthal was, in fact, incorrect in his findings. As the Ombudsman points out in section 111 of his report—sorry, not in 111, but in his report; I don't have the exact page highlighted—the Ombudsman took on his own researcher to look at the numbers that Professor Rosenthal did, and in fact Mr. Marin's researcher came to a different conclusion.

Interjection.

Hon. Mr. Caplan: It is number 124. I'm very ably assisted. The expert made a number of recommendations that a baseline ought to be kept by OLG so that they could measure against whatever the win rates should be upon the statistical analysis. In fact, OLG itself, aside from Decima Research, I believe, took on four outside experts. The deputy might know who those particular individuals were. I should just say, Mr. Chair—

Mr. Hudak: That's fine. I'm okay. Thank you. I'll move on.

**Hon. Mr. Caplan:** —that those four researchers came to four different conclusions.

**Mr. Hudak:** I'm fine. I was not pursuing Rosenthal in particular; I was pursuing Decima and its associations.

Do we know how much the OLG paid Decima for that survey?

Hon. Mr. Caplan: We can follow up.

Mr. Hudak: Yes, if we can get the information through you, Chair, on the cost of Decima.

Hon. Mr. Caplan: We'll follow up, Mr. Chair.

Mr. Hudak: Only three days later, on October 29, 2006, McGuinty political adviser Warren Kinsella, former McGuinty communications director Jim Warren—who was at the OLG at this point in time—former McGuinty chief of staff and current Liberal campaign chair Don Guy, and key McGuinty adviser Bob Lopinski gathered together to plot damage control from

The Fifth Estate story. The Toronto Sun reports that occurrence. Of course, Bob Lopinski is the most influential of those four, but they are all of some status within the Ontario Liberal party. Was the minister aware that this meeting was taking place?

Hon. Mr. Caplan: No.

**Mr. Hudak:** Nobody from the minister's office was involved?

**Hon. Mr. Caplan:** Nobody from the minister's office was involved.

**Mr. Hudak:** Were there any staff from the civil service involved in the October 29 meeting?

Ms. Barretto: No, there were no staff involved in that meeting.

**Mr. Hudak:** When did the minister first become aware of the October 29 meeting?

Hon. Mr. Caplan: Oh, jeez. It would be sometime well after—I don't want to hazard a guess. Certainly not even around the time—

Mr. Hudak: Did you find out about it through the media or were you told later on?

**Hon. Mr. Caplan:** I'm going from recollection. It would have been quite some time after.

**Mr. Hudak:** Who organized this meeting? Was it the OLG? Was it the Premier's office?

**Hon. Mr. Caplan:** My understanding is that this was a meeting organized by the Ontario Lottery and Gaming Corp. itself.

Mr. Hudak: By Mr. Gough or Mr. Brown?

Hon. Mr. Caplan: I can't say I know who and I certainly don't want to speculate. I don't believe it was through the board. I believe it was through the senior management of the OLG. But I don't really want to be in a position to speculate who organized the meeting because I certainly don't have any answers in that regard.

Mr. Hudak: You never asked Mr. Gough or Mr.

Brown why this meeting would take place—

Hon. Mr. Caplan: I specifically asked Mr. Gough to get to the bottom of the matter and to invite KPMG to do the recommendation. That was the direction that I provided to him.

Interjection.

Hon. Mr. Caplan: We have an answer for you. Decima Research was paid \$5,000. It is in the Ombudsman's report, in paragraph 126. So we don't have follow that one up.

That was the direction I gave to Mr. Gough. KPMG has subsequently issued three phases of its report, complete with recommendations and a narrative analysis, and I think the Ombudsman comments on the work that they have done, has directed that their report be posted on the public website, which of course it is, and that we report on the implementation. I believe, between the Ombudsman's and KPMG's, 22—or are we up to—

Ms. Layton: It's 24.

**Hon. Mr. Caplan:** —24 of the recommendations have been implemented.

Mr. Hudak: So you asked Mr. Gough to get to the bottom of who called this meeting and the purpose of this particular—

**Hon. Mr. Caplan:** No, I wouldn't say that. It was to get to the bottom of the allegations that the CBC Fifth Estate program aired in October.

Mr. Hudak: Did you ever inquire of Mr. Gough and Mr. Brown specifically about the October 29 meeting—who called it and for what purpose—with the four heavy-hitters of the Ontario Liberal Party?

**Hon. Mr. Caplan:** No. I was not aware that the meeting even took place until well after the fact.

**Mr. Hudak:** You must have been angry that this meeting had taken place, that they were trying to defend the OLG as opposed to trying to get to the bottom of

what had truly happened.

Hon. Mr. Caplan: I think the Ombudsman comments in the report that Ontario Lottery and Gaming tried to deal with the matters that The Fifth Estate program raised as, I think in his words, a public relations exercise, where my concern was to get to the substantive matters and allegations that were raised by the CBC Fifth Estate program. That was the reaction that I took directly to the chair of the OLG: To find out, first of all, what the information was, to do an analysis, to report back on and have any recommendations which would deal with the substantive matters that were raised.

**Mr. Hudak:** On April 11, 2006, an e-mail was sent to two senior officials and your communications director, Wilson Lee, by the Ontario Lottery and Gaming Corp., asking what information should be released to the CBC on their story on insider wins. Who were the two senior officials?

Hon. Mr. Caplan: The two senior officials? I don't have anything in front of me.

Mr. Hudak: Ms. Barretto, are you aware of this? This is the news story in the Globe and Mail on March 27, 2007—that Mr. Lee and two senior officials were copied via an e-mail about an FOI request on the OLGC and insider wins.

**Ms. Layton:** The two officials were David McBride and a chap by the name of Jovan Matic.

Mr. Hudak: And their responsibilities are?

**Ms. Layton:** David is pretty well retired, but he was a manager in the agency and gaming division, and Jovan is in the communications branch.

Mr. Hudak: So it was in the civil service and in the minister's office. What was the nature of the e-mail? What information did it contain?

**Ms. Layton:** I don't know. We don't have the e-mail right in front of us at this moment.

**Mr. Hudak:** I wonder if we could request, Chair, this e-mail that has become quite infamous, as reported by the Globe and Mail on March 27, 2007, an April 11, 2006, e-mail to the two individuals mentioned and to Mr. Lee.

Minister, were you ever informed of this e-mail that the CBC was making inquiries about?

Hon. Mr. Caplan: No. I can tell you categorically that I've never been advised of any freedom of information requests that have been made of our ministry. It certainly wouldn't be appropriate. I know that as a former member of the executive council, you do under-

stand the protocols related to freedom of information, that there is a separate branch of ministries that deal with requests as they come in and what information is provided. I believe that even today the Information and Privacy Commissioner commented about response rates. Deputy, correct me if I'm wrong. In our first year—

Ms. Layton: We were at 96% last year and tracking

for 100% this year.

Hon. Mr. Caplan: So 100% on FOI requests this year.

**Mr. Hudak:** Terrific. Did Mr. Lee inform you that there were some problems with insider wins?

Hon. Mr. Caplan: He did; on October 10, I believe. Mr. Hudak: Not prior to that two-week period before The Fifth Estate show?

Hon. Mr. Caplan: As I said, on the Friday before the Thanksgiving weekend, he received a transcript, or the branch received a transcript, of The Fifth Estate interview with the OLG spokesperson, and it was on the Tuesday following the long weekend that he advised me that this was a significant issue.

1710

**Mr. Hudak:** To the assistant deputy minister: Did Mr. McBride or—I apologize—the other individual who was mentioned earlier notify yourself or anybody else about the contents of that e-mail or alert you to insider win problems at the OLGC?

Ms. Barretto: At the time of the notification of the FOI request, it was specific to the case around Mr. Edmonds, and the information that was shared with us was specific to his case, the settlement and all those related issues. It wasn't specific to insider wins at all.

**Mr. Hudak:** So no general concern about insider win problems within the OLG?

Ms. Barretto: No, not at that point.

**Mr. Hudak:** What's Mike Sharland's current status at the OLG?

Hon. Mr. Caplan: I believe that Mr. Sharland—

**Ms.** Layton: He's on leave pending the outcome of the investigation into matters related to just the secondment of OPP officers into the agency.

Mr. Hudak: This is the OPP investigation?

Ms. Layton: Yes.

**Hon. Mr. Caplan:** I believe that Chief Fantino has referred this part of—

Ms. Layton: Assigned to the Toronto police force.

Mr. Hudak: So Mr. Sharland is on a paid leave of absence?

**Ms. Layton:** I'd have to double-check that, but I believe it is paid, yes.

Hon. Mr. Caplan: That's correct.

Mr. Hudak: Number 152 on page 41 of the Ombudsman's report notes that "the OLG's investigations department ... had to enlist the aid of a private firm, which has supplied 20 former police officers to assist with investigations at an estimated cost of \$20,000 a week."

At the time of the Ombudsman's report—at the bottom of 152—he notes, "The vice-president, corporate

security and surveillance, indicated that once the corporation is able to manage its complaint volume, it will reassess its investigative staffing needs." Is that contract ongoing?

Ms. Layton: No idea.

Hon. Mr. Caplan: I have no way of knowing that.

Ms. Layton: I guess the only point I'd make is that many of the recommendations in the Ombudsman's report relate to the recommendations around the insider wins investigation and an increased role for corporate surveillance. So with the interim CEO now at that organization, it's in that context that they're revisiting that whole role and ensuring that there are changes to the practices. So along with the KPMG investigations, the interim CEO, under her leadership, is looking at that whole practice. I can't comment on that particular contract, but certainly I can speak to the fact that there was a recommendation related to the increased need for corporate surveillance to be involved in that side of things.

Hon. Mr. Caplan: But I believe that the OLG certainly understood my determination and the government's determination that these matters be treated seriously and to get to the bottom of them. I believe they received, following the broadcast, a number of concerns and complaints, and in this section the Ombudsman does indicate that they took on additional investigative personnel. I understand that some of the matters of course have been referred to the OPP for their review and they'll decide subsequently what next happens.

**Mr. Hudak:** The name of the firm that's doing the security or had been doing the security?

Ms. Layton: We'd have to get the name.

Hon. Mr. Caplan: I don't know.

Ms. Layton: We'll have to get it.

**Hon. Mr. Caplan:** I'd have to follow up with you on that.

**Mr. Hudak:** If you could, please. I'd like to know the name of the firm and if it was a competitive bidding process for that firm or if it was sole-sourced.

Hon. Mr. Caplan: We'll have to follow up with that.

**Mr. Hudak:** The lottery and gaming corporation tends to have competitive bids for projects.

Hon. Mr. Caplan: Is that a question or is that a comment?

Mr. Hudak: No, it's a question.

Hon. Mr. Caplan: I believe they do follow the procurement policy of the Ontario government, although there are instances in the procurement policy that allow for sole sourcing.

**Ms. Layton:** Yes, that's right. Through the board of directors as well, the agency certainly respects competitive procurement practices.

Mr. Hudak: So they would follow the same standards that a ministry—

Ms. Layton: As a ministry would.

Hon. Mr. Caplan: But of course there are instances, as you're well aware, where you can't have deviation from the competitive tendering process or sole sourcing,

but I believe the spirit is to have a competitive tendering environment.

Mr. Hudak: Minister, from our last set of questions, we know you're following this issue too, which I appreciate. Fort Erie Race Track and Slots has experienced a significant decline in its slot revenue, its customer base. By way of example, the Fort Erie net win per machine in 2002 was \$390, and projected for 2007, it has plummeted to \$125. Put another way, in 2002 the share in the purse accounts for the horsemen was \$17 million in the Fort Erie racetrack. It's down around \$5 million projected for 2007. There is concern that if this trend continues, the Fort Erie Race Track could no longer operate. Is the minister willing to look at some innovative options to ensure the future success of the Fort Erie Race Track?

The Vice-Chair: A couple of minutes for this question.

**Hon. Mr. Caplan:** Sure. Well, I can tell you—and I apologize, you'll remind me who the new mayor of Fort Erie is?

Mr. Hudak: Doug Martin.

Hon. Mr. Caplan: He came to meet with me with some of his officials just about two or three weeks ago, related to the future of Fort Erie. I believe there is a new owner or somebody who they've identified who's willing to invest in the Fort Erie facility. We expressed at that time an interest and a willingness to talk to them about their proposals, to understand them far better, and to see if there was mutual interest in moving ahead. I first need to understand what the proposal is and how the province can participate to make sure and ensure the viability of the Fort Erie Race Track.

**Mr. Hudak:** Is Fort Erie the worst hit of the race-tracks? I know in border areas particularly, they've been hard hit.

Hon. Mr. Caplan: We'd have to track that down. I think you make a good point: The border communities have been under significant pressure due to dollar valuation, due to competition across the border. Certainly, that is something that has been flagged. I do know that in the OLG corporate plan, for example, they did identify the border communities—in particular, I believe, Ottawa, Fort Erie and Windsor—for particular attention and mitigation strategies.

The Vice-Chair: Okay, that's pretty well it, Mr. Hudak.

Mr. Hudak: Thank you.

The Vice-Chair: Now we go with 20 minutes-

**Hon. Mr. Caplan:** Mr. Chair, with your indulgence, if I could just have one more opportunity to be a little bit more comfortable, that would be greatly appreciated.

The Vice-Chair: Okay. Well, we're not going to have a lot of time at the very end, then. We'll have 20 minutes for the governing party when the Liberals come back. We'll give you five minutes.

Hon. Mr. Caplan: So a brief recess? The Vice-Chair: A brief recess, yes Hon. Mr. Caplan: Thank you, Mr. Chair.

The committee recessed from 1717 to 1730.

**Hon. Mr. Caplan:** I really apologize. You've helped me greatly, so thank you so much for your indulgence.

The Vice-Chair: I'm going to give the government 10 minutes now, and the other two parties will only have a couple of minutes each to clean up. Okay?

Mrs. Mitchell: So our time allocation would be the 20 minutes, right? We want to have the full time.

**The Vice-Chair:** You're going to have 10 minutes now. I've given the minister 20 minutes already today. He's had 20 minutes in recess period today alone.

**Mrs. Mitchell:** But the agreed-upon time was 20 minutes for each party.

The Vice-Chair: Okay, then, we'll finish the time tomorrow.

Mrs. Mitchell: Okay.

**Hon. Mr. Caplan:** That's fine. I apologize. It's entirely—it got a little bit beyond my control.

The Vice-Chair: So you can have your 20 minutes and we'll go to the vote and then he'll come back tomorrow to finish the time. Okay?

Hon. Mr. Caplan: That's fine. Thank you, Mr. Chair. Mrs. Mitchell: And I do want to thank you sincerely.

My question to the minister is that, and rightly so, Member Tabuns raised some questions about the gap in infrastructure dollars. But I wanted to give you, Minister, the opportunity to speak to what you feel are the contributing factors to the infrastructure gap. As we know, in the past, with previous governments, the commitment to infrastructure just wasn't there. So I wanted to give you the opportunity. What do you see as contributing factors to the gap in infrastructure?

Hon. Mr. Caplan: Well, I think there are a lot of contributing factors, and I thank you for the question, Mrs. Mitchell. I don't think this is simply a shot at the last government or the one before that. I think successive governments at different levels—federal, provincial and municipal—have all squeezed out capital investment. We've had significant operating pressures or budgetary pressures or difficult financial times, and it has been infrastructure and maintenance which have taken the first hit when it comes to setting the various budgets federally, provincially and municipally. It really was in about the period of 1993, when Prime Minister Chrétien came to office, that first infrastructure program was identified at that time to remediate some of the past underinvestment.

There is no doubt that there's a lot of work. When I first had the opportunity, at the formation of the Ministry of Public Infrastructure Renewal sometime in October 2003, we developed a question: How big is this infrastructure deficit? The projection then was somewhere in excess of \$100 billion. That runs the gamut of health care and education, certainly water and roads and bridges, and many, many other areas. I've come to believe that that figure is quite low, that we face many years not only of past neglect of the investments that our parents and grandparents quite wisely made, not keeping them in a good state of repair, but also some of the significant growth pressures which we've seen and we project we'll

continue to see over the quarter century and well into the future.

So we have twofold pressure. One is the state of our current infrastructure. I look at some of the investments that we've made in the hospital sector, for example. I believe we've been able to get over 100 hospital projects moving along using AFP as one of our methods but also through direct investment, whether that's the health infrastructure renewal fund or many others that we are bringing to bear. There is the Good Places to Learn initiative: \$4 billion for elementary and secondary capital. But I would certainly acknowledge that our ReNew plan, which is more than \$30 billion, is just a first giant leap forward. There is still much more work to do to remediate past problems and also to meet future challenges, which we know are going to come.

Mrs. Mitchell: Thank you, Minister.

My next question: I want to talk specifically about how you envision the Clean Water Act to be a part of the total picture of how water is provided to the citizens of Ontario. You know that I represent a number of rural municipalities. When I think about the municipality that is right beside my riding—Walkerton—Walkerton changed the face of how we perceive water, and rightly so. In rural communities, we not only have a struggle from lack of attention from previous governments, but we look at how we are going to go forward.

We understand in rural communities that water is such an important component of our daily lives, but we also understand how the water systems work. So what I wanted you to expand on further was, how do you see the Clean Water Act being a part of the total provision of ensuring that not only is our water safe, clean and affordable, but that it also is such an important component of infrastructure?

**Hon. Mr. Caplan:** Mrs. Mitchell is quite correct that water at its source must be protected and have the system from source to tap. Of course, we do many things between, where we purify and distribute, take away waste water and treat before discharge. It is a fundamental belief of Justice O'Connor.

In 2000, we had the tragic situation of Walkerton, where I believe seven people died and thousands grew sick because their source of water had been contaminated. Justice O'Connor wrote an exhaustive report into the circumstances which led to the tragedy in the community right beside your own. Justice O'Connor came up with several recommendations, and chief amongst them was that source protection was critical for the government to move forward.

I'm really struck that when my colleague Minister Broten, the Minister of the Environment, brought forward the Clean Water Act, the official opposition voted totally against the measures that Justice O'Connor indicated needed to be put in place. But I was even more distressed to learn that—

Mr. David Zimmer (Willowdale): Shocking.

**Hon. Mr. Caplan:** Well, there's a bit of history here. Back in 1990, New Democrats promised that they would

pass the Safe Drinking Water Act—of course, they were the government between 1990 and 1995—and they never did so. I was quite surprised when the Clean Water Act came forward that, indeed, New Democrats also voted against it. I find it somewhat shocking that all members of the Legislature could not come together in what is the aftermath of a terrible tragedy, following the recommendations that Justice O'Connor brought forward, and support this much-needed source protection.

Further to your question, all Ontarians should by now understand that certainly under the leadership of Premier McGuinty, under the fine work of our colleague Minister Broten, that work has begun. The legislation is in place, the investments slowly are being made, the mapping of the wellheads is being done, and we will take seriously our responsibilities to protect the public health and safety of Ontarians and the water they drink.

Mrs. Mitchell: Then I can tell you, Minister, from my riding of Huron–Bruce, we expect that any government that does not support the Clean Water Act is not acting in a responsible manner. I would just like to further compound on that. One of the first things that happened shortly after the election was that I had the opportunity to meet with a number of the residents from Walkerton. I can tell you that if anyone had sat in that meeting, they would not have voted in the manner that they did.

With that being said, one of the other comments that was made by the member from Leeds-Grenville in previous discussions through estimates was that he questioned a commitment by the ORC and the McGuinty government when the ORC began the negotiations in their communities, and he asked specific questions. I clearly want to get on the record the commitment that ORC made in the riding of Huron-Bruce and, specifically, that's to talk about Huron Park, Minister. I will lead into my question, but I did want to make this statement first.

Hon. Mr. Caplan: Please.

Mrs. Mitchell: I wanted to say that the commitment that was made by the McGuinty government secured 600 jobs in my riding. Since the lessees of the properties have had the opportunity to purchase that land, there have been three new lines added to the factories, we have over \$2 million in investments by the individual business community, we have a new housing development that started and we have 180 new jobs.

This comes from a community that has known nothing but negligence by previous governments, and there have been a number between federal and provincial; it has been a decade. I do feel it's important to reinforce that not only are we listening, we're acting. The commitment by the ORC to understand in a rural community how difficult it can be for reinvestment to happen if there is not a secure future for that business community—it simply does not happen. It had been a decade of negotiations.

So, Minister, I do want to thank you for the work on that. But I also wanted to give you the opportunity to speak to that, because the member from Leeds-Grenville was quite firm in some of the statements that he made

and, I felt, inappropriately so. Minister, would you like to have the opportunity to speak to the ORC's commitment to the community?

1740

**Hon. Mr. Caplan:** I thank you for the question because I disagree with the member from Leeds—Grenville and his comments related to the Ontario Realty Corp.

You talked about Huron Park. For the interest of the committee members, Huron Park was a property, originally under federal government jurisdiction but later transferred to the province, containing both an industrial area and a residential community. The first step that we embarked upon—and I have to tell you, Mrs. Mitchell has been a tireless advocate in securing the property for not only the residents, but also for business expansion in the area—was to sever the industrial from the residential. We sold to the former lessees, and I believe all of them purchased their properties with the understanding that they were going to keep the businesses in place in the community and that they were also going to look to expand, and in fact many have done so and it has been a tremendous success story.

The Ontario Realty Corporation has also worked with members from all parties. I know that they worked with your colleague from Haliburton-Victoria-Brock, Mr. Chair, with regard to the Frost centre. When there was a determination for a change in the profile of the Frost centre, two things happened. One was that our colleague Minister Phillips, formerly in charge of the ORC but currently the Minister of Government Services, put together the Frost centre working group to determine what the future of the property would be, and the ORC managed that with folks from the community called the Friends of the Frost Centre. I know we worked quite closely with Laurie Scott and Jeff Leal and Lou Rinaldi-I see that Mr. Rinaldi is here as well-in not only advocating for its use but also to make sure that the public would have access to this wonderful spot. In addition to that, the town of Algonquin Highlands had indicated that they wanted access to the watercourse. There was a slip for launching boats and for tying up boats. So the ORC expedited a severance of that property and transferred it to the local municipality so that they could have access to the water and then engaged in a public tender, and I believe, if it hasn't done so already the Frost centre is up and running again. We have a wonderful story of revitalization, of new opportunity and public access to a wonderful resort.

The ORC has other wonderful successes, as well. Part of their original mandate was to provide some of the key lands for park dedication, and I've had the opportunity, in the last very short while—some one dozen properties, from as far south as the riding of Essex, all the way through the breadth of the province of Ontario—adding to the Eramosa Karst, adding to the Bruce Trail, adding to the Rouge Park and creating Bob Hunter Memorial Park. The Ontario Realty Corp. has played a key and significant role, working with local communities,

working with local advocates and naturalists, working with local members, in being able to secure these as public spaces for the enjoyment of all Ontarians.

So while I'd never want to claim that all of the work is done, I would say that the Ontario Realty Corp. has a recent track record of success in engaging local communities and creating the kinds of partnership—whether it's with business and industry or with residents or with naturalists.

"Five years ago, the ORC was parcelling up and swapping land to abet development. 'Today, the ORC is an instrument for creating parkland, which is what it always should have been.'

"There's nothing else like it in North America—to have cold-water fisheries in an urbanized area, with forest and park on this scale, and with this biodiversity,

protected in perpetuity."

That's a quote from environmental lawyer David Donnelly, a central figure in the eastern greenbelt conflicts and conversations. That was a comment in the Globe and Mail in February of this year related to Rouge Park.

So I'm very pleased that the Ontario Realty Corp. is fulfilling that mandate, and thank you very much for raising it here today in committee.

Mrs. Mitchell: I just want to reinforce too that sometimes the easier path is just to sell and to divest yourself of your assets, and I know that that has been how it has been dealt with in the past. But we can certainly see, by all these examples, the difference that we can make in communities by strengthening the communities, by understanding what they need to move forward—and that's when you talk about your growth plan.

One of the things that I've had the opportunity to do is to get out and talk to my constituents, and what they want to know is what we are doing on climate change. Their concerns are related to the environment. They are very concerned about how we will go forward. I know that this is something that PIR has been involved with, and I wanted to give you the opportunity, Minister, to explain to the committee members, because I know they're anxious to hear, what you have done within your ministry to address climate change.

Hon. Mr. Caplan: It has been substantial. I note that the deputy has been sitting here very patiently, so I'm going to give her an opportunity to share some of the milestones that PIR has achieved on the climate change file.

**Ms. Layton:** First, you did mention the growth plan, and I think that that alone, given the fact that we're almost going to double in size over the next 25 years, is critical, in terms of ensuring compact, transit-supportive, livable, walkable communities.

But there are an awful lot of other things that we're doing in terms of getting cars off the road and therefore having an impact on greenhouse gas emissions; for example, with the Move Ontario investments that were made in the 2006 budget—certainly the subway into York region, into the Vaughan centre; the Brampton AcceleRide; the investments that we're making in the Mississauga Transitway; as well as the investments more subsequently announced with Viva and the Waterloo LRT. It goes on and on. In fact, over the 2006-07 year alone, it's over \$3 billion in investments in transit. It will be huge in terms of taking cars off the road.

It's also good to note that in the ReNew Ontario plan, there are over \$1 billion in investments in GO Transit expansion. One really interesting metric is that one 10-car GO train carries the same number of people as 1,400 cars—cars that, of course, if they're not hybrids, are producing emissions into our air—and that one GO bus can replace more than 50 cars. So that's a significant accomplishment, and obviously that commitment is critical.

We are also making a lot of other investments; for example, through the ORC with things like—we're very proud of the deep lake water cooling that we have here that's going to cool this building and provide a much more efficient source of supply, as opposed to using electricity at a critical point. So that's another great example of the investments that we are making.

Even Bullfrog Power that you see in the Ministry of the Environment—it's a symbolic gesture, but that is another key example of how we're going to be investing

in our climate change policies.

I think we can certainly appreciate that there's going to be more happening. Our different lead projects are more than just environmentally friendly; because they, too, are going to support growth plan principles around location and around the district energy types of supplies of energy, I think you'll see also great accomplishments there in terms of more sustainable communities as well as fewer emissions into the environment.

Hon. Mr. Caplan: In fact, Infrastructure Ontario has joined the Canada Green Building Council. We certainly want to be at the forefront. I look at the Durham courthouse—

Interruption.

Hon. Mr. Caplan: Does that mean my time is up?

The Vice-Chair: Yes.

Mr. Hudak: Is it a 10-minute bell?

Hon. Mr. Caplan: I believe so. We'll come back.

The Vice-Chair: We'll be back tomorrow for the remaining 24 minutes. I thank everyone for their attention.

**Hon. Mr. Caplan:** Mr. Chair, thank you so much. I truly appreciate your indulgence.

The Vice-Chair: You're welcome. We'll adjourn until tomorrow at 3:30. The committee adjourned at 1750.

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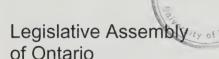
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Second Session, 38th Parliament

# Assemblée législative de l'Ontario

Deuxième session, 38<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 30 May 2007

Standing committee on estimates

Ministry of Public Infrastructure Renewal

Ministry of Citizenship and Immigration

Journal des débats (Hansard)

Mercredi 30 mai 2007

Comité permanent des budgets des dépenses

Ministère du Renouvellement de l'infrastructure publique

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Chair: Tim Hudak Clerk: Katch Koch Président : Tim Hudak Greffier : Katch Koch

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#### LEGISLATIVE ASSEMBLY OF ONTARIO

## STANDING COMMITTEE ON ESTIMATES

Wednesday 30 May 2007

#### ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

#### COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Mercredi 30 mai 2007

The committee met at 1624 in room 228.

## MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Vice-Chair (Mr. Garfield Dunlop): Thank you very much, everyone. We'll call the meeting to order. We have apparently nine minutes for each caucus to finish up with the Minister of Public Infrastructure Renewal. Minister, thank you for being here again, and to all the members of your staff.

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Great, Chair; thank you. I just wanted a clarification. I've been to the estimates committee twice before, and I was afforded an opportunity to give closing remarks. Is that still the case?

The Vice-Chair: Yes; you'll get the last nine minutes. Hon. Mr. Caplan: No—

The Vice-Chair: You'll get the government's last nine minutes. That's what we have right now. In the beginning you had—

Hon. Mr. Caplan: I'm just curious, because on the previous occasions when I've been at the estimates committee, I think it was half an hour for closing remarks that I was granted on those two occasions.

The Vice-Chair: I think you had those closing remarks at the beginning.

Interiections.

The Vice-Chair: You started with the first 30 minutes. The official opposition had 30 minutes. The third party had 30 minutes. Then you had an additional 30 minutes, which was your response.

Hon. Mr. Caplan: Correct; yes.

The Vice-Chair: Then we went to rotations for the remaining time. That's how we're finishing up today. We've only got nine minutes.

Hon. Mr. Caplan: Okay. I guess my recollection is unclear, because I recalled on the previous occasions that—

The Vice-Chair: It's standing order 65 that indicates that.

**Hon. Mr. Caplan:** The clerk is certainly very capable, so I certainly believe it. Thank you very much, Mr. Chair.

The Vice-Chair: Thank you, Minister.

Mr. Hudak, we'll start with you. Do you have a question?

Mr. Tim Hudak (Erie-Lincoln): Thank you, Chair. The minister may be aware, he may have been briefed on an article on the front page of the Niagara Falls Review today that says, "It's Post Time: a \$300-million Facelift for Race Track in the Works, but Town Says Province Has to Act Right Now." This is following from our discussion yesterday.

Mayor Doug Martin said, "Obviously, the track is suffering. The owner is willing to invest a significant amount of money here"—which is \$300 million. "He has two choices—go high or go home."

Mayor Martin continues to say, "The province needs to come to the table. If they don't and he goes home, we all lose."

There's a great fear, Minister, that Fort Erie Race Track will close if the province doesn't come to the table. Is the minister willing to entertain proposals by the owner and send that signal quickly to the town of Fort Erie and the investors?

Hon. Mr. Caplan: I believe, as I indicated yesterday, that I guess about three or four weeks ago Mayor Martin and members of council, certainly members of the Fort Erie staff as well as other interested folks, the good folks from Fort Erie, brought along, shared, a very high-level overview of the proposal. I certainly expressed the interest of the province of Ontario in ensuring the viability of racing at Fort Erie. I do note that there have not been municipal approvals yet granted for the particular proposal that has been made.

I can tell you that it's my understanding that the track owners have begun discussions with the Ontario Lottery and Gaming Corp. That was undertaken immediately following the meeting. I know that no decisions have been made because they're sharing the business plan and the various elements of their particular proposal, but I do look forward to it coming forward toward a decision, and also to the municipality indicating, through its various approvals stages, the necessary zonings, the necessary municipal approvals to make things happen.

Mr. Hudak: I appreciate the minister's undertaking, because this is an establishment, as he knows, that has been around since 1897, a major employer in the town, with significant spinoffs in the agricultural community. It would be an awful shame to see it close, and I appreciate the minister's interest in seeing it sustained.

My last question for the minister, and then I will switch to my colleague: The Ontario wine industry has

not seen its sales hit the targets in the Ontario wine strategy. There are two issues to address, one of which is taxation; the other one is market access. Concentrating on market access, is the minister contemplating or open to new retail channels for Ontario VQA wines outside of the LCBO?

Hon. Mr. Caplan: There have been some proposals. Certainly the member from Fort Erie is well aware the member from Niagara Falls has also made some proposals. I don't believe that there are contemplated any changes to additional retail streams outside of not only the LCBO but, the member is well aware, individual wineries do hold licences to be able to sell Ontario wines through other retail chains. I'm not sure—how many licences are there? Do we know, Deputy?

Interjection.

Mr. Hudak: I don't mean to belabour the point—

**Hon. Mr. Caplan:** So I don't believe that there is any contemplation of growing additional retail chains at this particular time.

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Mr. Hudak: I thank the minister.

Now, with your indulgence, Chair, I'm going to allow my colleague the handsome and talented member from Simcoe to ask questions, if the Chair will allow it.

The Chair (Mr. Tim Hudak): Go ahead, Mr. Dunlop.

Mr. Garfield Dunlop (Simcoe North): Thank you very much, Mr. Chair. I have a statement I'd like to put on the record, very similar to what the member from Huron—Bruce did just yesterday when she made a statement to the minister. There are two areas I'd like to comment on, both affecting my riding and the citizens of Simcoe county. Those areas of concern are the closure of the Huronia Regional Centre in Orillia and the future use of those lands and, if any time permits, the need for substantial infrastructure investment in the county of Simcoe as a result of the greenbelt legislation that was passed by this government.

Minister Pupatello made a decision—I consider it a bad decision—on September 9, 2004, when she decided to announce a closure date of March 2009 for the three remaining regional centres in our province. That decision will ultimately remove 700 well-paying jobs and a \$30million payroll from the city of Orillia and the area. As well, the only remaining safety net for some of the most vulnerable people in our society is being removed, in what I consider to be a mean-spirited and cruel manner. Staff at the regional centres are sworn to complete secrecy, and family members have been treated with disrespect because they want what was promised: group home facilities with equal to or better services than those available at the regional centres. Those facilities simply do not exist in Ontario, and nothing is planned at this time.

The question in Simcoe North is, how is the government of Ontario about to compensate the city of Orillia for the negative impact of this closure? The answer lies in the future use of the lands that the HRC sits on. They are zoned as institutional.

A number of ministers in the McGuinty government have dodged this for the past three years, and it is a serious issue. Minister Bentley won't even make a comment. As he said in estimates last spring, it's not his problem. Minister Meilleur, as the lead minister, has said that she will come up with a plan, which she also said in estimates last year. Again, we have no plan. Now we are told that it is in the hands of the Minister of Public Infrastructure Renewal and the Ontario Realty Corp.

Let me give the minister some thoughts of my own on this particular issue, because it is very serious to our region. Lakehead University—it's a dynamic university—has a satellite campus in Orillia. It has been very successful. They need a permanent site. Part of the HRC lands would be absolutely perfect for this site, a perfect setting for this exciting new adventure in our community.

Georgian College, one of the most dynamic community colleges in the province, would like to expand their Orillia campus. Across the road sit the HRC lands. It's perfect for an expansion. Georgian College has little room for expanded programs left on their Barrie campus.

The OPP general headquarters sits across the road as well. My personal dream and goal is for the site to be a centre of excellence for policing in our country, complete with marine unit training and a satellite campus for the Ontario Police College. Again, the HRC lands would be perfect for this site as well.

Also, a centre of excellence for the training and education of those working with severely mentally and physically challenged individuals: This could be housed on the 13 acres that house the remaining 300 individuals who make the Huronia Regional Centre their home.

How about an environmental education centre, as proposed by the Twin Lakes Conservation Club, at the Coral Cove Camp—also a part of the 300-plus acres that make up the Huronia Regional Centre lands.

As I have said, these lands are institutional. There is plenty of room on the lands for all of the organizations that I have mentioned in my previous comments. It is time, I believe, for the McGuinty government to compensate Orillia and area. We don't need waterfront condos on this site; we need permanent jobs, like the ones that are being removed with the closure of the HRC.

As the MPP for Simcoe North, I ask the minister and the Premier to do what is right for this region: Give fair compensation to the city of Orillia and area by arranging the sale and purchase or long-term lease of these lands at little or no cost to these agencies. The city of Orillia and the surrounding communities deserve no less.

Mr. Chair, I understand that I have very little time left?

The Chair: You're about out of time.

**Mr. Dunlop:** Okay. Well, I would have liked to talk about the greenbelt legislation as well, but that will be for another day. I do appreciate being able to put this statement on the record. I wanted to draw it to the attention of the minister today.

The Chair: Thank you, Mr. Dunlop. That does-

**Hon. Mr. Caplan:** I don't have time for a response, other than to say that there was much factually incorrect information—

The Chair: Minister. No. Minister-

**Hon. Mr. Caplan:** —and simply opinion that the member had that I—

The Chair: Cut off the minister's microphone.

Hon. Mr. Caplan: —disagree with considerably.

The Chair: If members ask the minister or staff questions, we'll have them respond; if members weren't intending to ask a question, then they don't need a response.

We now have nine minutes for the third party. Mr. Tabuns, the floor is yours.

Mr. Peter Tabuns (Toronto-Danforth): Minister, today the CBC reported that high levels of lead were found in tap water at Queen's Park and we will all be sent a notice in writing. Notices are supposed to be posted in washrooms so that visitors don't accidentally drink the water. Can you tell me whether your ministry is going to take action on the lead-in-water problem here at Queen's Park?

Hon. Mr. Caplan: Well, I can't provide you any specific direction, because the Legislative Building itself falls under the purview of the Speaker. There was a transfer of responsibility from the Ontario Realty Corp. to the Speaker and the Clerk of the Legislature, and that's overseen by the Board of Internal Economy. I assume that members of the board and the authority of the Speaker and those folks—but of course we will co-operate in any way that we can with the Speaker and with the Clerk in dealing with this matter.

**Mr. Tabuns:** Are you considering helping municipalities that have to deal with large numbers of lead service lines going to homes? Are you considering financial support for them in clearing out the lead that is currently going into residences?

Hon. Mr. Caplan: Well, I think it's fair to say that this is something which has emerged in the past very short while. Municipalities themselves have not identified the extent of the problem, nor the particulars of what the financial cost would be. That being said, I think the approach that we've taken as a government so far would indicate that we are willing to work with our municipal partners. Once we can identify what the problem is, we can work with them on potential solutions to expedite their implementation.

Mr. Tabuns: What have you spent on roads and road infrastructure over the past four budgets?

Hon. Mr. Caplan: The way we group it together in the ReNew Ontario plan, I believe—and I stand to be corrected by my officials—on northern Ontario highways, approximately \$1.8 billion; southern Ontario highways, through the Ontario highway strategy, was some, I believe, \$3.4 billion. I can tell you as well, other programs that we have—for example, COMRIF, the rural infrastructure investment initiative and others—had components of road repair, as well as the connecting links

program that was run through MTO, and there were a number of other ones. But those are generally the highlight numbers that we do identify on investment through the new plan.

**Mr. Tabuns:** What have you allocated for transit over the same period?

**Hon. Mr. Caplan:** What have we allocated for transit? ADM Hughes is here—

Mr. Bill Hughes: I don't have the numbers for the last four budgets, but I can give you 2006-07 and 2007-08. I have those numbers handy. For highways, \$1.4 billion for 2006-07; and for 2007-08, \$1.7 billion. You'll have to give me a minute—

Mr. Tabuns: Those numbers are for roads or transit?
Mr. Hughes: Those numbers are for roads. For ansit the number for 2006-07 was \$1.7 billion; and the

transit, the number for 2006-07 was \$1.7 billion; and the number for 2007-08, from memory, is \$991 million.

**Mr. Tabuns:** Can you give us the numbers for the previous two budgets?

Mr. Hughes: I don't have those with me. Mr. Tabuns: Can they be provided to us?

Mr. Hughes: Yes, they can.

**Mr. Tabuns:** Have you done projections on transit demand in the greater Golden Horseshoe over the next five years?

Hon. Mr. Caplan: I don't believe that would come through the Ministry of Public Infrastructure Renewal; rather, the Ministry of Transportation would do the individual due diligence on car volumes on roads or transit volumes in the transit system, and they would provide the baseline information.

Mr. Hughes: If I could just add to that, Minister, one of the reasons the government established the Greater Toronto Transportation Authority was to do exactly that kind of work. I know one of the things they will be thinking about in the next short while is exactly what the demand for transit will be, not only over the next five years but over a longer period of time. I'm not sure what their horizon is, but I would expect that it would be at least 15 to 20 years.

Mr. Tabuns: Okay. The response I received the other day from—sorry. Ms. Layton, when you spoke about the cost of adapting to climate change, you said the fiscal plan didn't accommodate climate change initiatives. Those are roughly the words that you used. Have initiatives been costed?

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Ms. Carol Layton: Just on climate change, I think I spoke about a bunch of different things on climate change. For example, I made the comment that there are some initiatives already funded that do address the long-term thinking that you need to address climate change, like for example the significant flood plain land form—that berm that I talked about—that's going to be able to sustain multiple hurricanes as opposed to just the one Hurricane Hazel sort of thing.

A few other points just on that: The fiscal plan goes for the fiscal year and looks out the next two years. We do infrastructure planning, though, over a five-year horizon. We are certainly looking at—obviously, it's a very complex area; it's an emerging field—the full scope of what we have to do to address sustainable infrastructure requirements over the next two and a half decades. So that's long-range planning that certainly extends beyond the fiscal framework that we're working within today. We have to look to the long term. This is two and a half decades-plus of work that we have to do.

**Mr. Tabuns:** So within that, you're already doing the costing on climate change adaptation?

Ms. Layton: Within that, we are. We have a small team, actually, in the infrastructure policy and planning division that is exactly looking at that. They're working with the conference board, which has done some good work in that area as well. MTO, for example, is one ministry, though, that certainly has done, in the context of road construction, some scientific study as well. We are using the environment folks multi-ministry, as well as through the leadership of our asset management team that we have. We are certainly spending a fair amount of time thinking through the long-term planning framework to be able to address climate change and what it means to bridges, roads, storm water systems. It's endless, where it goes.

Hon. Mr. Caplan: But I think it's fair to say, Mr. Tabuns, that this is a very young area of scientific interest and also understanding. There is not a great deal of data internationally to be able to look at that we could apply here in Ontario. We're working with colleagues—I guess from around the world—who are also looking at these kinds of challenges that all jurisdictions are facing, and with our small team we have done a lot so far, but much more remains to be done.

**Mr. Tabuns:** But do you have a cost projection at this point, a preliminary cost projection of the impact of adaptation?

Hon. Mr. Caplan: I have not seen any cost projection of that nature.

Mr. Tabuns: Are you planning to produce one?

Ms. Layton: Absolutely. You have to do the cost projections. You have to look to other jurisdictions, to the benchmarking type of work that they look at. It's fairly detailed work that you have to do, but you have to appreciate that you have to use various sources, assumptions and all of that—because it is very much based on assumptions as well—to figure out what that means. So, for example, in the context of should we ever go down the road of LEED being a standard consistently in, say, hospitals and onwards, that's absolutely the sort of thing you have to do, because those are 25-year, 30-year funding commitments. That is the work that we do.

**Mr. Tabuns:** Do you have a sense of when you will be able to tell this government the projected costs of adaptation?

**Ms. Layton:** It's in the context of 2008-09, the results-based planning process, that we're certainly going to be giving guidance to ministries to start that work and support us. I think we will begin to know that as time progresses, but I can't say that we'll have that in the next

two months; I think that work is going to take a bit of time

**Mr. Tabuns:** So your target, then, for producing those projections is by the next budget year?

**Ms.** Layton: It's certainly to begin the process of having those projections as we head into the next fiscal cycle.

**The Chair:** Mr. Tabuns, that does conclude your nine minutes. Thank you very much.

To the government side, Mr. Delaney.

Mr. Bob Delaney (Mississauga West): Chair, I'm wondering if the minister would have any closing comments.

The Chair: I'd be shocked.

Hon. Mr. Caplan: I do. I have rather more than nine minutes' worth, but I'm sure, Mr. Chair, you'll indicate to me when the nine minutes are complete.

The Chair: You will get the signal.

**Hon. Mr. Caplan:** Thank you. Well, first of all, I want to thank the committee and all the members for giving me the opportunity to appear before you.

I think it's important to have a context. Years of neglect by past governments of all political stripes have left the essential infrastructures of our province in a less-than-desirable state. I and my Ministry of Public Infrastructure Renewal have been tasked with finding ways of meeting those challenges, and I believe that we are doing a great job. The proof is most visible in the cranes that dot the sky, the shovels which have gone into the ground.

The primary vehicle for doing the work that needs to get done is through ReNew Ontario. We established the ReNew initiative in 2005 as a means by which we're going to tackle and reduce the infrastructure deficit that threatens the economic security, indeed the quality of life, that all Ontarians count on. With our partners, we are investing more than \$30 billion in renewing and revitalizing the province's infrastructure. I believe this amounts to nothing less than one of the largest investments of its kind in more than a generation. Equally important, it's the first long-term comprehensive infrastructure plan developed by the province. I think it's a clear contrast to the year-to-year ad hoc infrastructure investments that were previously pursued by past governments.

There are many highlights. Investments in ReNew cover the health care sector: I highlight in particular—I see our colleague from Ottawa–Vanier—the Montfort Hospital in Ottawa. It was originally slated for closure by the previous government. Construction began in June of last year and will be completed in 2009. North Bay Regional Health Centre: a project that, despite being in a riding held by a former Premier, languished on the books for decades. The redevelopment project began a couple of months ago. It's the same story in Sudbury, the same story here in the city of Toronto at Sunnybrook, in Belleville at Quinte Health Care, where construction began in March. I could go on and on, but I suspect you get the idea. Past governments were content to make phony photo opportunities, phony groundbreakings,

phony oversized cheque presentations. The McGuinty government is all about getting shovels in the ground and cranes in the air, and providing better access to high-quality health services close to home for all residents in the province of Ontario.

The financing strategy—we call it AFP, or alternative financing and procurement. It's a departure from the P3 approach of both the previous New Democratic and Progressive Conservative governments. It's based upon the Building a Better Tomorrow framework, which I've had a chance to talk to at some great length at this committee.

The crown agency we established, Infrastructure Ontario, has done an incredible job executing the larger construction projects. They are using AFP to do so. They have conducted value-for-money analysis of these projects, and the results are impressive. I want to give you just two examples. I had mentioned earlier the Montfort project in Ottawa—a savings of \$19 million over traditional financing methods; and in North Bay, a savings of \$56.7 million.

Education is another highlight for our government. Only a few years ago, Ontario students were sitting in schools with leaking roofs, inefficient heating systems and outdated equipment. Worse, I think they were caught in perpetual crossfire in a war that the previous government waged against teachers. Under ReNew Ontario, we're investing more than \$10 billion over five years to renew and expand schools and post-secondary institutions; a \$4-billion Good Places to Learn fund; across-province assessment of almost 6,800 individual school projects—breathtaking in its size and scope—helping school boards deal with the backlog of repairs to existing buildings and to construct new schools where needed. Thousands of projects have been completed or will be completed.

There's more, though: at the college and university level, an investment of more than \$1 billion to provide access to opportunity. In a very tough and competitive world, post-secondary education is indeed the key. So we're investing \$600 million to expand university graduate school spaces by 14,000 by 2009-10, and to increase medical school spaces by 15%, and an additional \$540 million is being used to renew university and college facilities and to buy new equipment at colleges.

Roads and bridges: We faced traffic gridlock and congestion on our roads, threatening the very economic prosperity and quality of life in the province of Ontario. Border delays alone were costing the provincial economy more than \$5 billion per year, according to the Ontario Chamber of Commerce. Public transit systems were inadequate for the growing population. So under ReNew Ontario, we've set about to change that course. We've committed more than \$11.4 billion in transportation infrastructure initiatives. Our goal is to develop an integrated public transit system composed of well-maintained provincial highways, local roads and bridges, public transit and our number one priority: efficient border gateways.

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There is much more. I wanted to just touch briefly on growth planning because, just shy of a year ago, we released our first growth plan for the greater Golden Horseshoe. One of the members asked a question about what's next. More recently, my colleagues the Minister of Northern Development and Mines, Rick Bartolucci, and Natural Resources, David Ramsay, announced that northern Ontario would be the next region for which we will be implementing a growth plan.

The one for the greater Golden Horseshoe was the product of an unprecedented level of engagement with stakeholders, planners and municipalities. Over the next 25 years, almost four million more people are going to be calling our province home, living in the greater Golden Horseshoe. I'm not going to go into too many details, but

here are the key points of the plan:

The plan establishes a number of planning and design standards to ensure that our communities grow in a more complete and liveable form, while making the most efficient use of available land and infrastructure. It requires municipalities to plan for complete mixed-use communities with jobs, shopping, services, located where people live and also opportunities for recreation and play.

One of the key policies of the growth plan is a minimum target for intensification. That means that now there is a new minimum requirement for municipalities to accommodate at least 40% of new residential development within already-built-up areas by 2015. For the first time ever in Ontario—and this is, in many ways, the most significant part of the plan—we've coordinated growth forecasts for both population and employment for the 21 counties and regions in the GGH.

The environment: We're incredibly proud of the work to support Minister Gerretsen and the establishment of a 1.8-million-acre greenbelt. But our ministry too has recently transferred 10 significant green spaces from Pickering to Hamilton, all the way south to Essex county, protected 2,000 acres of ecologically sensitive land in Rouge Park and the new Bob Hunter Memorial Park, 650 acres of land in Oakville, and we're using 180 acres of natural heritage land to create Hamilton's newest conservation area, Eramosa Park.

Of course, many of you are well aware of the west Don lands initiative in the Toronto waterfront revitalization initiative.

I wanted to chat about the Ontario Lottery and Gaming Corp., because the Ombudsman was very clear, and very helpful in pointing out that things should be done at OLG to ensure a change of culture occurs. I have, to the very best of my abilities, given very clear direction to the OLG to do those very things. I've been equally clear in directing the OLG to fully co-operate with the OPP and the review they have undertaken. At the same time, I've been unequivocal in directing the OLG to implement the recommendations made by an independent consultant, KPMG. So we are doing everything necessary to maintain the trust of Ontarians in one of their public institutions—a trust, I understand, that has been shaken.

As the Ombudsman noted, the inside-win problem within the lottery system had been going on since 1993, and continued to go on to 2001 and beyond. Our government was not in power in 1993, nor in 2001. Indeed, some of my colleagues around this cabinet table had the opportunity to do something when they were in government in 1993 and 2001 but, as the Ombudsman noted, clearly chose to do nothing. This government chooses a very different approach. When we learned of the situation in which wrong had been done, we responded immediately and decisively.

Mr. Chair, and ladies and gentlemen of the committee, I want to thank you once again for giving me and our ministry the opportunity to appear before you on this, our third time at the estimates committee. As I said, a hallmark of our government has been accountability and transparency. I do feel that this committee has done an excellent job in holding us to that standard. Mr. Chair, I want to thank you for your patience with us, and, with that—do I have any time left?

The Chair: No, you're actually over.

**Hon. Mr. Caplan:** No? I'm going to conclude my closing statements. So, Mr. Chair and members of the committee, thank you so much. I have truly enjoyed my time with the committee.

The Chair: Outstanding. Minister, I wanted to thank you, Deputy Layton, those civil servants from the Ministry of Public Infrastructure Renewal—I know ADM Hughes, ADM Graham and ADM Barretto had taken the time to brief us. Thank you very much. It's good seeing you again. We do, before the minister goes, need to proceed with the dramatic votes.

Hon. Mr. Caplan: I'm hoping the committee will see fit to approve our estimates.

The Chair: I don't want to pre-judge the committee's vote.

Hon. Mr. Caplan: I don't presume anything.

The Chair: We need to do vote item 4001. Shall vote 4001 carry? Carried.

Shall the estimates of the Ministry of Public Infrastructure Renewal carry? Carried.

Shall I report the estimates of the Ministry of Public Infrastructure Renewal to the House? Carried.

We have now concluded the estimates of the Ministry of Public Infrastructure Renewal.

The minister asked a question a bit earlier in terms of the 30 minutes at the end. What sometimes happens is government members stack their time at the back; you need the unanimous consent of all committee members to do so. That's why last time you had the 30-minute conclusion. That wasn't followed this time. That's why you only had the nine minutes at the end. So it depends on how the committee members approach the estimates.

Hon. Mr. Caplan: Mr. Chair, I just want to understand the votes that you just took. Am I to understand that this committee unanimously approved the Ministry of Public Infrastructure Renewal's estimates? Is that correct?

The Chair: I'll leave it that it was carried.

**Hon. Mr. Caplan:** I believe it was unanimously carried, so clearly the committee members were impressed with the staff here.

The Chair: There was a lot of noise, but I will say that the estimates were carried.

Mr. David Zimmer (Willowdale): On a point of order, Mr. Chair: Just for my own edification, we were laughing about the minister's point, but it was a unanimous vote, wasn't it? I want to ask the clerk for an interpretation on that.

The Chair: No. We know it was carried. There was no recorded vote, so I can't say whether it was unanimous or not.

**Hon. Mr. Caplan:** There weren't any nays, though, were there?

**The Chair:** The estimates were carried. There wasn't a recorded vote.

Hon. Mr. Caplan: I believe it was unanimous, though. Is it possible to have the clerk—

The Chair: Listen, I won't belabour this point. The estimates were carried. There was no recorded vote requested.

Mr. Zimmer: I heard no nays.

**Hon. Mr. Caplan:** I heard no nays, either. Is it possible to have the clerk provide us with a clarification?

The Chair: I am the Chair of the committee and I have answered your questions. You can ask me for the sixth time if you want to.

**Mr. Zimmer:** I do respect your role as the Chair of the committee, but notwithstanding that, you still have to rule in accordance with the accepted practices and procedures and rules.

The Chair: As I am, Mr. Zimmer, thank you very much. The estimates of the ministry were carried. There was no recorded vote, and I'm ruling in accordance with the rules.

Mr. Zimmer: So that's a unanimous, then, is it?

**The Chair:** Why don't you ask me for the eighth time? Listen, I've ruled. The estimates were carried. There was no recorded vote.

**Mr. Zimmer:** With all due respect, Chair, what's the avenue to appeal that ruling of yours?

The Chair: I guess you can appeal to the Speaker. Go ahead and appeal to the Speaker as to whether it was a unanimous vote, if such a thing exists. If members want a recorded vote, they simply ask for one before a vote takes place.

**Mr. Zimmer:** Mr. Chair, I'd like to ask for unanimous consent to reopen the vote on this and ask for a recorded vote.

The Chair: I've never heard of the vote having passed and then to have a revote in committee, nor do I believe that that is possible by unanimous consent. If you have a problem with my ruling, go ahead and challenge it with the Speaker in both respects. I think it is rather unprecedented to consider doing a revote on something like one estimates vote item.

**Hon. Mr. Caplan:** I was just seeking clarification because I was trying to understand the committee pro-

cedure and what the vote actually meant. I believe if there was any negative, you would ask for yeas and nays and then move ahead. Since there were no nays indicated simply on a motion to approve the estimates, that in fact is unanimous of the committee. That is my understanding. Did you hear any nays, Mr. Chair?

The Chair: The estimates have carried. There was no recorded vote, so—

Hon. Mr. Caplan: I truly appreciate committee members unanimously supporting the Ministry of Public Infrastructure Renewal.

Mr. Zimmer: But I've asked for unanimous consent. Surely I'm entitled to ask. I might not get unanimous consent on this. Much like the procedure in the chamber, I would ask for the unanimous consent of this committee to reopen the vote.

The Chair: In my 13 years here—

Hon. Mr. Caplan: Distinguished years.

The Chair: Well, some better than others, I'm sure—I have not heard of a revote, but I'd be willing to put it forward. Do we have unanimous consent for a revote on estimate item 4001?

Interjection.

**Hon. Mr. Caplan:** I definitely heard a no there, Mr. Chair.

The Chair: I know you enjoy your time here, Minister.

Hon. Mr. Caplan: I did enjoy the time.

The Chair: Are we about done?

**Hon. Mr. Caplan:** I have no other questions, but I just wanted to give my thanks to you, to the clerk, certainly to research and to all members of the committee.

Mr. Khalil Ramal (London-Fanshawe): Mr. Chair?

The Chair: Mr. Ramal.

Mr. Ramal: Thank you, Mr. Chair, for allowing me to speak. I want to thank the minister, on behalf of the committee and on behalf of the government, for the great job he's doing on behalf of all of us in Ontario. I know he's doing a great job. I guess that's why all the members voted in support of your report, because you're doing a great job, I believe.

The Chair: All right. Let's move on.

Hon. Mr. Caplan: Thank you, Mr. Ramal. That's very kind.

The Chair: I thank the minister again. It appears we are going to recess until we have the Ministry of Citizenship and Immigration. This committee has a 10-minute recess.

The committee recessed from 1701 to 1718.

## MINISTRY OF CITIZENSHIP AND IMMIGRATION

The Chair: Folks, we are here this afternoon for the consideration of the estimates of the Ministry of Citizenship and Immigration for a total of seven and a half hours. Before we begin, I'd like to clarify the role of legislative research with respect to the ministry before the committee today. The research officer is assigned to

the committee to support the work of the members of the committee. Her primary function is to research and prepare briefings, summarize submissions made to the committee, draft a report to the House and, in this case, help committee members track the questions and issues raised during the review of estimates.

The ministry is required to monitor its own undertakings resulting from the consideration of their estimates, and I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may at the end of your appearance verify the questions and issues being tracked by the research officer.

Any questions before we begin?

**Ms. Joan Andrew:** No, sir. I just wanted to indicate that I understood the protocol you just outlined.

The Chair: Terrific. Thank you. We will begin with a 30-minute statement by the minister; 30 minutes then will follow from the official opposition and 30 minutes from the third party. Then the minister will have 30 minutes in which to reply. The remaining time is then apportioned equally amongst the three parties.

We welcome Minister Mike Colle, the Minister of Citizenship and Immigration; his deputy minister, Joan Andrew, beside him; and other members of the ministry staff who have joined with us. Minister, welcome, and the floor is yours.

Hon. Mike Colle (Minister of Citizenship and Immigration): Thank you very much, Mr. Chairman. As you said, I'm here with my deputy minister, Joan Andrew. I'll begin with my remarks.

It is with great pride that I present the estimates of the Ministry of Citizenship and Immigration for the 2007-08 fiscal year. The talent and dedication of my ministry's staff and community partners are truly remarkable. I am honoured to work with such extraordinary people to help build a better Ontario for all.

This ministry includes the citizenship and immigration division, as well as the Ontario Women's Directorate and the Ontario Seniors' Secretariat. My remarks today will centre on my portfolio, Citizenship and Immigration, and will also provide a brief overview of the Ontario Women's Directorate and the Ontario Seniors' Secretariat.

In addition, the ministry delivers regional and corporate services that support not only its own programs, but also those of three other ministries. I'll have a few words about these common services as well.

Our vision as a ministry is an Ontario where diversity is valued as a source of strength and where all people, including newcomers, seniors and women, contribute to a strong economy, a caring society and a high quality of life. It is not enough for us to express our values in words. We must make them real for people in their communities by delivering better public services and strong economic growth that create opportunities for all and improve our quality of life. Expanded opportunity is the

measure of the open, progressive society we seek to build in Ontario

I was mandated by the Premier to actively promote Ontario's rich multicultural diversity and be the champion for strengthening immigration, settlement and integration services for new Canadians who have chosen Ontario as their home. I know all the members of the committee share this vision, and I am looking forward to a positive and constructive discussion.

The citizenship and immigration division has two broad objectives: to maximize the economic and social benefits of immigration; and to build vibrant communities through civic engagement and responsible citizen-

snip.

Maximizing the benefits of immigration: Immigration has made Ontario one of the most diverse societies in the world, and diversity is one of our greatest strengths as a province. Ontario is fortunate that newcomers choose to come to our province. Each year, Ontario welcomes up to 140,000 newcomers, more than any other province and more than 50% of the nation's total immigration.

I have the privilege of bringing provincial immigration activities under one roof for the first time. This represents an important opportunity for us to use the talents of new Ontarians to enhance our competitiveness in global markets and ensure the continued economic prosperity of Ontario.

Within less than five years, it is projected that all of Ontario's net labour force growth will come from immigration. Our flat birth rate and our aging population are not enough to maintain the status quo, let alone increase our workforce. If Ontario is to succeed in the global economy, we must count on newcomers to keep the workforce expanding. Newcomers offer the necessary skills for our knowledge economy. Nearly three quarters of today's newcomers have post-secondary education. They also bring an understanding of world markets and global experience that Ontario needs to compete internationally.

Diversity can and should be our competitive advantage, but too often this advantage is wasted. According to the Conference Board of Canada, the Canadian economy loses up to \$5 billion every single year because the skills and credentials of immigrants are not recognized. The reality is that today's well-educated immigrants can choose to go elsewhere. The global competition for talent is intense. And as India's and China's economies boom, their residents are choosing in greater numbers not to immigrate.

What this means for Ontario is that we must make Ontario a place of opportunity, a place where newcomers are given every opportunity to succeed and prosper and become contributing members of the community. This is why the McGuinty government is delivering a comprehensive plan for breaking down barriers that keep newcomers from reaching their potential.

The Canada-Ontario immigration agreement: We are on the side of new Canadians who want to succeed. That is why we have fought on their behalf, negotiating the

first-ever Canada-Ontario immigration agreement, which I had the pleasure of signing in November 2005. You'll recall that Premier McGuinty fought hard for, and won, this agreement from the federal government at that time. This is the first immigration agreement between Ontario and Canada and it will make a huge difference in the lives of our newcomers.

The agreement we negotiated quadrupled Ottawa's spending on settlement services and language training in Ontario by providing an additional \$920 million over five years. This means that, as a result of our negotiations, federal spending on services for newcomers will increase from about \$800 to \$3,400 per immigrant. This agreement is expanding the range of settlement services and enhancing language training for newcomers to Ontario, including services aimed at immigrants before they arrive in Canada.

I'm pleased that the promised funds, which are urgently needed, have begun to flow. In December 2006, Citizenship and Immigration Canada announced planned spending of \$182 million for fiscal 2006-07 for settlement and language training services. The Citizenship and Immigration Canada federal deputy minister has assured my deputy that all promised funding will occur before the end of the agreement in 2010.

Newcomer settlement agencies: The result of the Canada-Ontario immigration agreement is that workers on the front lines are beginning to see the results of this new investment. According to newcomer settlement agencies that the Ontario government funds, spending by the federal government through the immigrant settlement adaptation program, known as ISAP, increased by about 55% between 2005-06 and 2006-07. This new funding, which is being provided directly to service agencies by the federal government, is expanding and enhancing services to more newcomers each year, helping them to settle and get language training to reach their full potential.

English-as-a-second-language and French-as-a-second-language classes: What will this mean for newcomers? This agreement will mean more ESL and FSL classes at more levels so that newcomers can learn the language that fits their job or profession.

The Canada-Ontario immigration agreement will help us compete by making sure more regions of the province have the ability to attract immigrants and keep them. With populations aging and skills shortages growing, it's essential to recruit and retain immigrants to address those labour market shortages.

Provincial nominee program: One of the provisions in the federal-provincial agreement is Ontario's pilot provincial nominee program that I announced in Toronto last Thursday. For the first time, our province has the ability to match the skills of prospective immigrants with the demands of the labour market. Under the new program, the Ontario government will nominate individuals for immigration to fill labour shortages in 20 skilled occupations, including health, education, manufacturing and construction.

Citizenship and Immigration Canada will be able to issue work permits to the provincial nominees and fast-track their applications for permanent residence, as well as those of their families. We expect to nominate 500 individuals in the first year of the program. The nominees will fall into one of two categories: skilled workers with job offers in the specified fields, including international graduates of Ontario colleges or universities; or key employees of multinational companies making significant investments in this province.

Approximately half of the first-year nominations will be destined for communities outside the greater Toronto area. This emphasis is part of Ontario's regionalization strategy to think outside of the greater Toronto area box and spread the benefits of immigration around the province more evenly. The pilot provincial nominee program is a significant step in the right direction of linking immigration with Ontario's economic needs.

Joint information: Under the federal-provincial agreement, the two governments also made a commitment to collaborate on strategies for electronic and web-based communication services to newcomers and those considering immigration, information on things like employment, housing and education that makes it easier for newcomers to feel settled more quickly and get the support they need.

This collaboration also includes the ongoing partnerships with municipalities. The municipal annex of the Canada-Ontario immigration agreement establishes a framework for municipal participation in areas of immigration related to their interests and the development of a memorandum of understanding with the city of Toronto.

Information for newcomers: Ontario is the first province to negotiate an immigration agreement that involves municipalities. In line with the Canada-Ontario immigration agreement provisions, a little over a year ago, my ministry launched the OntarioImmigration.ca portal. Our user-friendly site provides instant access to current information on Ontario's communities, labour markets, school system, health care, professional licensing and other practical aspects of starting a new life here. The site is drawing an average of more than 5,000 visits per week and has attracted more than 11 million hits since its launch in March 2006.

Through the agreement, the federal government is providing Ontario with funds to invest in municipalities to create their own portals to attract and provide services to immigrants. Five portals or immigration gateways are currently in the works in Toronto, Ottawa, London, Windsor-Essex and Sudbury. Another eight are in development for Brantford, Chatham-Kent, Lambton, Niagara region, Peel region, Sault Ste. Marie, Waterloo region and York region. All will be accessible through the Ontariolmmigration.ca portal to help newcomers decide where to make their home. The new gateways are also part of the regionalization strategy I mentioned.

Ontario's employers need to be able to quickly bring in workers to fill labour market shortages. These announcements are only small improvements to a system that needs a major overhaul.

The temporary foreign worker program: Ontario is working with the federal government to improve the temporary foreign worker system in Ontario through a temporary foreign worker annex, as part of the Canada-Ontario immigration agreement. The temporary foreign worker annex is an opportunity for Ontario to address some of its specific needs and have a say in improving the efficiency and effectiveness of a program that has already contributed so much to Ontario's success.

Ontario receives approximately 44,000 temporary foreign workers annually, which represents close to 50% of the total temporary foreign workers who arrive in Canada every year. The federal-provincial immigration agreement is one component of Ontario's comprehensive plan for breaking down barriers to newcomer success.

Fair Access to Regulated Professions Act: The cornerstone of this plan is the Fair Access to Regulated Professions Act, 2006, passed by the Legislature last December and proclaimed this March. This ground-breaking legislation requires regulated professions in Ontario to have licensing and registration processes that are fair, quicker, open and clear, so that internationally trained individuals can work sooner in their fields of expertise.

We are heartened by the strong support this measure has received from different quarters. For example, Madina Wasuge, executive director of Hamilton's Centre for Civic Inclusion, said, "This bill represents one of the boldest attempts by a provincial government to address inequities that confront newcomers." And David Hipgrave, president and CEO of the Certified Management Accountants of Ontario, said, "This legislation, together with the right regulations and the commitment of all regulators, will place Ontario at the forefront of fair access for the internationally trained."

The Office of the Fairness Commissioner is a key element of the legislation. The commissioner is responsible for overseeing regular audits to ensure that the practices of the professions meet the test of fairness. The commissioner will also submit an annual report on the implementation and effectiveness of the act. Our government was proud to nominate the Honourable Jean Augustine as Ontario's first fairness commissioner. We appreciate the opposition parties' prompt endorsement of this appointment. She will champion the cause of newcomers who want nothing more than a fair chance to work in their fields.

This is the first legislation in Canada to require self-regulating professions to meet requirements with regard to the fairness of their registration practices. The government of Manitoba has followed our lead by introducing a similar bill last month, including the provision of an appointment of a fairness commissioner. The legislation has prompted interest internationally, including from the Netherlands, Germany and Australia.

Global Experience Ontario: A further element of our legislation—and one of the main recommendations by

front-line workers helping newcomers—is the creation of a government-run access and resource centre for internationally trained professionals. Known as Global Experience Ontario, this centre opened its doors in downtown Toronto in December, and it's co-located with HealthForceOntario. It provides information and guidance to help newcomers navigate through the licensing process and find the shortest route to professional practice. All this support is accessible through one stop—in person, online or by phone.

The centre also promotes internships and mentoring programs. Let me tell you about one internationally trained professional's experience with Global Experience Ontario. In 2007, a mother and her young son came to Ontario from Mexico in search of a better future. This talented woman came with a master's degree in law but needed help to understand the process to qualify for the Ontario bar. In her own words, she said, "Global Experience Ontario gave me all the directions to contact the law society, to get all the information I needed to get certified here in Ontario as a lawyer. They were very helpful and kind. They answered all the questions I had." In time, she expects to be admitted to the law society and eventually practise corporate and international law.

Internship program: Our comprehensive plan to help newcomers succeed includes several other innovative strategies. Since we're asking the private sector to tap into the talents of newcomers by hiring them into the workforce, we felt that we needed to do something to lead by example. That's why we've set up the Ontario public service internship program for the internationally trained, which began last fall, in partnership with Career Bridge. In the first intake of the program, 72 interns have been placed in six-month assignments in 15 ministries and crown agencies, in such fields as information technology, chemistry, health sciences, administration, finance and the environment. Twenty-one interns have already obtained jobs in their fields.

For example, Pedro Molina came to Ontario from Ecuador with a BA in economics, his MBA and a certificate in adult teaching. For the first 18 months, he worked at a variety of low-wage jobs. He points to his participation in the Ontario public service internship program as a huge turning point in his life and that of his family. Pedro is now training as a senior account manager at RBC Financial Group. He says, "The program helped me get back to work in my field of expertise, to meet people related to my profession and to get hope back."

Based on our success, we are getting ready to launch the second round of hiring for the program. Ontario is the only province to launch a program like this. Our leadership in breaking down barriers was recognized earlier this year through an award from Career Edge, a national internship organization. We are also helping internationally trained professionals work in their fields sooner by partnering with the Maytree Foundation to provide loans of up to \$5,000 to cover assessment, training and exam costs for qualified candidates.

Bridging projects: A long-standing initiative and one that has achieved solid results is our bridging projects. Bridging projects are partnerships between government, employers, educators, trainers and occupational regulatory bodies. They help people with international education and experience to upgrade qualifications and get added education and skills, such as specialized language training, so they can work toward licensure and employment in their field.

Our government has invested more than \$53 million in more than 90 bridging projects to help thousands of internationally trained, qualified individuals move into Ontario's labour market. For example, in January 2007, with our support, Ryerson University began setting up a part-time program for internationally trained engineers to allow them to take the specific academic courses they may be missing to meet professional licensing requirements, rather than repeat an entire academic career. It will also help them gain work experience through a fourmonth co-op program. The program will be open to students this September.

Bridging projects get results. The Ontario government has invested more than \$2.3 million in the Teach in Ontario program, to help internationally trained teachers prepare for employment in Ontario's publicly funded school system. Nine hundred and thirty-one internationally trained teachers have been certified by the Ontario College of Teachers since the inception of Teach in Ontario.

Since 2003, our government has invested more than \$900,000 in the international pharmacy graduate program, to facilitate the entry of qualified, internationally trained pharmacists into the Ontario workplace. The program has improved the pass rate in the Ontario College of Pharmacists licensing exam to more than 80%. To date, more than 450 internationally trained pharmacists have completed the program and all are working in their field.

Regionalization strategy: The regionalization strategy I referred to previously also includes newcomer employment networks in London, Niagara, Ottawa and Kitchener-Waterloo. Community organizations will partner with the business sector to engage employers and promote the value of hiring newcomers, following a path set by the pioneering Toronto Region Immigrant Employment Council, commonly know as TRIEC.

The Chair: Minister, I'm sorry to interrupt you at this point. We have a 10-minute bell. The minister has just five minutes left on his remarks, so I'm going to ask the minister to complete his remarks and then we'll have five minutes to get to the assembly.

Minister, please go ahead. You have five minutes to complete your remarks.

Hon. Mr. Colle: Speaking of TRIEC, we have recently invested \$1.75 million in the expansion of TRIEC programs to link employers and newcomers throughout the greater Toronto area, including York and Peel regions. This funding will help TRIEC deliver resources and tools to more than 3,000 small and

medium-sized businesses, where most new jobs are created.

Our government provides direct support to front-line settlement agencies that help newcomers get off to a good start. We increased our investment in the newcomer settlement program by 29% to \$5.3 million for 81 community agencies that provide settlement, orientation, job search workshops, language training referrals and other services to tens of thousands of newcomers each year.

**The Chair:** Sorry to interrupt. It looks like the vote is deferred, Please go ahead, Minister.

Hon. Mr. Colle: ESL and FSL: Strong language skills are an imperative for newcomer career success. In Ontario we have extensive English-as-a-second-language and French-as-a-second-language programs for adults, which are now under my ministry. We are investing more than \$50 million a year in adult ESL and FSL throughout Ontario, delivered through school boards. For the first time, we have undertaken a survey of learners to find out their needs and are working in partnership to review and improve the program, and we're putting more emphasis on occupation-specific language training for the workplace to help newcomers land jobs that reflect their qualifications.

Because we know that a range of language skills are required for newcomers to be successful, from basic to occupation-specific language training, we are also funding approximately \$2.2 million for school boards to develop programs that help newcomers gain the language of their field. For example, the Thames Valley District School Board has two non-credit ESL programs currently active that are of interest. For Thames Valley, their ESL Training in the Workplace partners with employers to give employees the language training they need to do their job well. The retail, auto and aircraft sectors have benefited from this program. I hope to be in a position to announce additional funds for these services shortly.

A new citizenship curriculum, called All About Ontario, has been developed and will be introduced by school boards across the province. It teaches newcomers about Ontario's history, geography, laws and civic participation, to help them make a smooth transition.

In all, the Ontario government invests more than \$146 million a year in services to help newcomers get settled, improve language skills and get jobs. That's more than any other province.

We are tackling the challenge of integrating newcomers into our communities and workforce in many different directions, working with many different partners. Our plan for breaking down barriers is comprehensive. It is also deeply rooted in Ontario's best values. It speaks to what this province is all about: fairness and opportunity. The stakes are high: We must capitalize on our diversity to remain dynamic and competitive on the global stage. By ensuring that Ontario's newcomers have the opportunity to reach their goals and achieve their dreams, we build Ontario's future prosperity. The simple truth is that when newcomers succeed, we all succeed.

Apart from working to leverage the economic benefits of diversity, the ministry also seeks to reap the social and cultural benefits. My ministry has been fortunate to make investments in areas that promote Ontario's diversity and heritage, community involvement, volunteer participation and celebration of Ontario's cultural mosaic.

The Premier has asked the Auditor General to review the decision-making process for my ministry's year-end investments and report back in early July. These investments support hard-working organizations that deliver much-needed services in Ontario's diverse communities. I am proud of our investments, and I welcome the auditor's review.

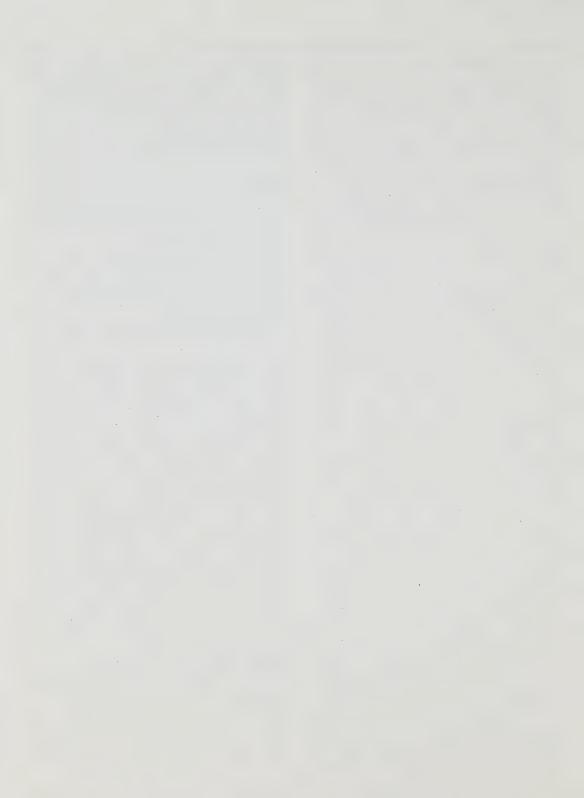
Ontario's Community Builders program is one example of how we promote diversity and encourage cultural understanding. This program supports exhibits, workshops, cultural festivals, special events and other initiatives to celebrate Ontario's diverse heritage and value our diverse communities.

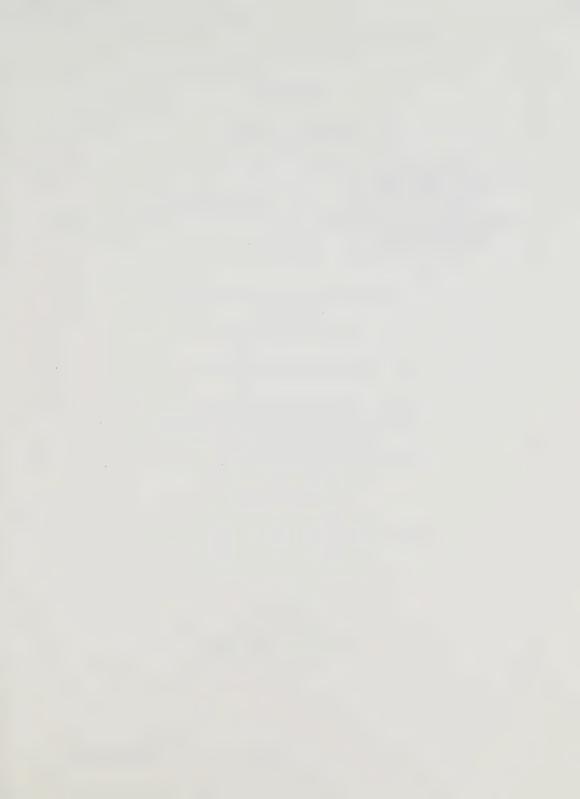
This program brings people together. For example, it has brought a replica of the historic Underground Railroad Buxton Liberty Bell to Queen's Park for the first time to share its significance in our history with Ontarians. It also assisted Guelph's Onward Willow neighbourhood, home to people from 30 different cultures, to launch a series of Stories from the Heart on the experiences of new Canadian families. It also supported a commemorative community event at the Vanier Museopark to promote and celebrate the cultural heritage of French-speaking communities in Ottawa and throughout Ontario. To coincide with their opening last October, the museum launched an exhibition to unite francophone cultures from the 17th to the 21st century and to recognize the contributions of First Nations, pioneering explorers and first-generation French and English immigrants. In one particular instance, we funded Celebrating London's Cultural Diversity, which showcased a diversity conference and a series of centralized and neighbourhood-based celebrations that increased public education and celebrated London's cultural diversity.

The Chair: I'm sorry to interrupt, Minister, but at this point our time is concluded. This ends the 30-minute presentation. That's all we're going to do today. We'll resume on Tuesday, June 5. We'll have 30 minutes for the official opposition, 30 minutes for the third party and then 30 minutes for the minister to conclude, which you can use to complete your statement or respond to the comments of other members of the committee.

Thank you, Minister, Deputy, and members of the committee. We are now adjourned until Tuesday, June 5, at orders of the day.

The committee adjourned at 1752.





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